STATUS OF THE COMPENSATION PROGRAM OF THE DEPARTMENT OF VETERANS BENEFITS, VETERANS' ADMINISTRATION

HEARING

BEFORE THE

SUBCOMMITTEE ON
COMPENSATION, PENSION, AND INSURANCE

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

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STATUS OF THE COMPENSATION PROGRAM OF THE DEPARTMENT OF VETERANS BENEFITS, VETERANS' ADMINISTRATION

THURSDAY, JUNE 14, 1984

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COMPENSATION,
PENSION AND INSURANCE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:05 a.m., in room 334, Cannon House Office Building, Hon. Douglas Applegate (chairman of the subcommittee) presiding.

Present: Representatives Applegate, Montgomery, Hammerschmidt, and Burton.

OPENING STATEMENT OF CHAIRMAN APPLEGATE

Mr. APPLEGATE. The subcommittee will come to order.

This morning we meet to receive testimony on the status of the compensation program of the Department of Veterans Benefits. Each year we schedule an oversight hearing for this purpose so that we can receive a report from the Veterans' Administration which, of course, is extremely helpful to our committee. We need to know what is right with the program as well as what is wrong, and we like to hear what recommendations there are.

We also will hear from a number of veterans organizations which have been invited and have accepted. This is their opportunity to tell us how they perceive the benefits program and how it's working. It is their chance to voice their criticisms and, if they want, sometimes praise, on how the VA is doing their job.

One of the subjects that we are going to be discussing today is the program for former prisoners of war. The National Commander of the American Ex-Prisoners of War is here, with members of his staff, and we are glad to have him. We will be listening to him later.

Another subject which will be mentioned is the possibility of restructuring the rates for widows receiving dependency and indemnity compensation. As you all know, payments are now based on the military pay grade of the serviceman. It has been suggested that while this principle may be relevant to in-service deaths, it has very little relationship to the rates which should be paid in post-service deaths.

Last year, an effort was made by the DAV to secure a cost estimate of a proposal which would base DIC rates on the disability

evaluation assigned the veteran prior to his death. They felt that veterans who were totally disabled and unable to work and provide an estate for his survivors should receive the higher rate of death benefits. The Congressional Budget Office was unable to provide a cost estimate because of the lack of data in the VA computers.

The Veterans' Administration has been working to get information together which would permit them to provide cost data on this type of proposal. I am told that field stations have submitted case-by-case information to central office and they will soon be able to respond to requests for this information. We will be hearing from the Veterans' Administration on this.

As a matter of information, I am hopeful that next week the House will take up H.R. 5688, the Veterans' Compensation Amendments for fiscal year 1985. The bill, of course, is going to provide, hopefully, a 4.3 percent cost-of-living increase in compensation and DIC which, of course, will be effective December 1, 1984.

Incidentally, I talked with the ranking minority member of the subcommittee, our colleague, Bob McEwen, and Bob has a commitment this morning and will not be able to attend. However, we do have the ranking minority member of the full committee with us, John Paul Hammerschmidt, who we will hear from at this time.

STATEMENT OF HON. JOHN PAUL HAMMERSCHMIDT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

Mr. HAMMERSCHMIDT. Thank you, Mr. Chairman.

I share my colleagues' views, that only through hearings such as these do we get the opportunity to view the continuing progress of the Veterans' Administration's compensation programs.

I believe the Veterans' Administration is doing a capable and effective job in seeing to the needs of America's service-connected disabled veterans and to the widows and survivors of our veterans. Of course, we must not let up in our efforts to do more, and in that light, oversight hearings give us an opportunity to assess the VA's progress and assure a continued high level of performance.

Mr. Chairman, I congratulate you on your continuing leadership and direction in your efforts to keep this most vital program on track, and I join with you in your efforts on behalf of this Nation's veterans.

I am delighted to sit in with you on the subcommittee this morning. I regret that the ranking minority member of the subcommittee, Mr. McEwen had a serious conflict, but I ask unanimous consent to submit a statement in the record for him.

Mr. APPLEGATE. Without objection.

[The statement of Mr. McEwen follows:]

STATEMENT OF HON. BOB MCEWEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

The hearing this morning will focus upon VA's compensation program for service connected disabled veterans and their survivors. This program has a very high priority with this committee and with the Congress. I congratulate you, Mr. Chairman, for scheduling this oversight session so that we might obtain an update on the program and learn firsthand how it is working.

Mr. Chairman, every once in a while we hear comments about the costs that are related to the payment of compensation. It is true that the costs are high. But if we break them down to individual veterans, we get a much better picture. It is then

that we see that a 100% disabled service connected veteran who is single receives $1,255 per month while those with lesser disabilities receive proportionately smaller amounts.

I am sure you would agree, Mr. Chairman, that such sums of money are by no means extravagant expenditures by a government that prides itself on taking care of its disabled veterans.

The same can be said of the dependency and indemnity compensation that is paid to widows of service connected veterans. For instance, the 445 dollars monthly that is currently paid to a private's survivor is indeed a modest amount, and certainly it is not concerned with unjust enrichment by its recipients.

Mr. Chairman, you have indicated possible changes in this latter program and you have spoken to the pending increase of compensation payments. I associate myself with your remarks. I, too, hope that the DIC program can be made more equitable and that the Congress will act soon on another compensation increase commensurate with the increased cost of living.

Mr. APPLEGATE. Thank you, Mr. Hammerschmidt.

Our first witness today is Mr. John Hagan, Deputy Chief Benefits Director. Mr. Hagan, if you will come forward and introduce those who are with you.

First, let me say that it is my understanding that Dorothy Starbuck, who usually comes before our panel and speaks, will not be here this morning because of a death in the family. We regret that and extend our deepest sympathies.

Mr. HAGAN. Thank you, sir, and I will express your sympathies to her.

STATEMENT OF JOHN W. HAGAN, JR., DEPUTY CHIEF BENEFITS DIRECTOR, VETERANS' ADMINISTRATION; ACCOMPANIED BY JAMES IANNUZZI, ASSOCIATE DIRECTOR FOR SYSTEM DESIGN AND INTEGRATION, OFFICE OF DATA MANAGEMENT AND TELECOMMUNICATIONS; HERBERT MARS, DEPUTY DIRECTOR, COMPENSATION AND PENSION SERVICE; MAX WOODALL, DIRECTOR OF COMPENSATION AND PENSION SERVICE; AND JACK THOMPSON, DEPUTY ASSISTANT GENERAL COUNSEL

Mr. HAGAN. Good morning.

Mr. Chairman and members of the subcommittee, I am pleased to appear before you this morning to discuss a variety of issues which impact on the Department of Veterans Benefits programs. I will especially deal with the areas of concern set forth in your invitation.

This morning I have with me, on my right, Mr. Jim Iannuzzi, Associate Director for System Design and Integration, Office of Data Management and Telecommunications, and Mr. Herb Mars, Deputy Director of Compensation and Pension Service. On my left is Mr. Max Woodall, Director of the Compensation and Pension Service, and on my far left, Mr. Jack Thompson, Deputy Assistant General Counsel.

First, I would like to discuss workload trends for the adjudication program. Workload in the Adjudication Division has been gradually decreasing since 1977. We expect this trend to continue through the 1980's. The only two compensation and pension areas in which we foresee slight increases are claims for burial and plot allowances and in our dependency and indemnity compensation program.

In the Veterans' Educational Assistance Program, after a slight increase in fiscal year 1985, the workload will again decline, corre-

sponding to the decrease in the number of trainees in the chapter 34 program. The survivors and the dependents program will also have a slight decrease. Vocational and rehabilitation eligibility determinations and awards are expected to increase slightly through fiscal year 1986. Thereafter, a slight decline is expected.

We have been working with the Advisory Committee on Former Prisoners of War. As mandated by Public Law 97-37, the committee's first formal report with its 21 recommendations was submitted to the Administrator in June 1983 and was subsequently transmitted to the Congress. These recommendations in the Advisory Committee's report, which could be handled administratively by the Department of Veterans' Benefits, were implemented as the committee's discussion brought out the areas of concern.

In accordance with one recommendation, on December 12, 1983, we inaugurated a toll-free national telephone "hot line" for use by former POW's in requesting information or assistance in obtaining benefits.

In response to another recommendation, we are developing a computer system for data collection and statistical report generation for POW claims and other special issues.

Among the recommendations which we could not implement administratively was one which specified that dysthymic disorder—also known as depressive neurosis—should be added to the list of diseases that may be presumed to be service-connected. This recommendation was accomplished legislatively by the March 2, 1984, enactment of Public Law 98-223.

We have worked closely with the Advisory Committee in all areas where administrative action could be taken in response to committee recommendations and our efforts in that regard will continue.

You also requested further information about our annual income questionnaires. A total of 1,727,904 pension and parent DIC recipients were sent questionnaires this year. This figure includes the section 306 pension claimants over the age of 72 who in the past have been exempted from receiving the annual questionnaire. This group of exempt pensioners last received a questionnaire in the 1978-79 income questionnaire year.

Approximately 100,000 benefit terminations due to income in excess of the statutory limit were processed during the 1983-84 questionnaire season. I anticipate that an additional 25,000 cases will be terminated when final AIQ actions are processed.

During last September's oversight hearing we informed you of our plan to obtain income and dependency information this year from dependent parents in life and death compensation cases. Questionnaires will be sent and processed as a special project beginning this month.

Currently, we have a study going on to measure our work and quality controls. The system currently used to measure the type and volume of work performed in our adjudication divisions has been in place for many years. It has been decided that it is time we took a fresh look at this area and have initiated the formal process to solicit bids from private consultants for an in-depth study.

The closing date for the request was June 6, 1984. Work required under this request for proposal must be completed within 6 calen-

dar months after the award of the contract. We will closely monitor the progress of the contractor throughout the study and will carefully evaluate the final recommendations before any changes are made.

We are also reviewing our statistical quality control program, including the method by which we validate the quality reviews done by the personnel in the adjudication divisions in the regional offices.

Mr. Chairman, I only wish I was in a position to talk about recruiting, as you mentioned in your letter. The fact of the matter is that we have lost over 2,600 full-time employees in DVB in the last 4 years, and we are facing a loss of another 800 in the upcoming fiscal year. By a variety of measures, we have managed to stretch this reduced workforce far enough to accomplish our basic missions. It is becoming increasingly clear, however, that if we continue to reduce staffing without taking compensatory measures, the timeliness and quality of our service to veterans and their families will suffer.

One of the means we have used to counteract the erosion of our manpower is to stress the importance of training. We have made a major effort in the training of our rating specialists who are responsible for disability evaluations. During 1983 and 1984 we held two sets of regional seminars which focused on important rating issues. At the end of the seminar, each participant returned to his or her regional office to teach fellow rating specialists the topics that had been presented at the seminar. We feel that through this training we have made great progress in improving the quality of rating decisions and ensuring the uniformity of rating actions.

We have found in the past that the department derives many benefits from the annual conferences we hold for the chiefs of the various divisions within our regional offices. This year, we plan to tap an additional source of new ideas and viewpoints by holding a 2-day conference in September to provide our assistant adjudication officers with formal training in different aspects of their management and internal control responsibilities.

Mr. Chairman, we have acquired or plan to acquire several pieces of computer equipment and computer software that significantly increases the power and efficiency of the TARGET system. However, rather than take time to describe these in detail, with your permission, I would like to submit for the record a short report which discusses these technical improvements.

Mr. APPLEGATE. Without objection, it will be included.[1]

Mr. HAGAN. Thank you, Mr. Chairman.

I would like to briefly outline changes in the TARGET system which impact directly on the process which takes place in the regional offices. The latter part of 1983 saw the implementation of accrued award processing and diary controls processing. In addition, the master record format for the compensation and pension payment system was expanded, giving us the capacity to retain data on multiple types of retirement income and the ability to indicate whether the reported amounts of income from Federal sources have been verified by the administrating agency.

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[1] See p. 43.

In 1984, we will see the upgrading of TARGET printing capacity to allow the generation of formal award forms. The most significant hardware change scheduled for 1985 is the expansion of TARGET's ability to automatically generate awards. When the new program gets implemented, submission of only the changed information will result in the automatic generation of awards, not only in all currently running cases, but also in original and reopened improved pension cases.

Another subject to be addressed is our DIC review. When the interest of this committee and that of several service organizations was conveyed to us, members of the Compensation and Pension Service met with staff members from this committee and from the Senate Veterans' Affairs Committee to discuss the general outline that a review of DIC benefits program for surviving spouses should follow. It was determined that extensive background information on surviving spouses collected during the 1977 DIC study would be used along with an analysis of new cases and an examination of the composition of the eligible survivors which we are currently assembling. We will furnish a final report later this year.

Mr. Chairman, this concludes my prepared remarks. I will be pleased to answer any of the committee's questions.

[The statement of Mr. Hagan appears on p. 27.]

Mr. APPLEGATE. Thank you very much, Mr. Hagan, for a very comprehensive report, and thank you for summarizing because of the time. We appreciate that. Of course, your report will be entered into the record and we appreciate having it.

I have just a couple of comments, really. I like the idea of the vigorous training program for your adjudication division people. Of course, as you point out, your workload perhaps will experience some decline, and as you also point out, you are going to face some further staff reduction, perhaps up to as much as 800. I presume you have some concerns, too, as to whether or not you're going to be able to manage the work without affecting the quality and the timeliness of the service to the veterans and their dependents.

I just want you to know that the committee will be keeping an eye on this, to make sure that the service to the veteran, the quality of service and all, will be kept up. We, of course, will continue to work with you and expect your input into that, too, with the additional information.

Mr. HAGAN. Thank you, Mr. Chairman.

Mr. APPLEGATE. As you point out, you are analyzing the data from regional offices on your original DIC claims, and, of course, the main purpose for asking you to do this was to be able to obtain cost estimates for legislation. We do expect some bills to be introduced before the end of this session which will require the use of the data. We would like to have your assurance, which I know that we will, that you will be able to respond to agency reports on such bills which will include the cost estimates.

Mr. HAGAN. We will be in a position to respond, Mr. Chairman.

Mr. APPLEGATE. That's good, and I thank you very much for that.

Mr. Burton.

Mr. BURTON. I just have one question, Mr. Hagan. It is about the personnel cuts that you foresee in the next year. You said you lost how many last year?

Mr. HAGAN. I had made a statement that since 1977 we had lost about 2,400, 2,600 positions.

Mr. BURTON. And you anticipate another 800 next year?

Mr. HAGAN. Yes, 800 for 1985.

Mr. BURTON. What is your overall personnel total?

Mr. HAGAN. We have an FTE ceiling for 1985 of 13,500, so we are talking about coming down from about 14,300.

Mr. BURTON. So you're looking at about a 7 or 8 percent cut in personnel?

Mr. HAGAN. Yes, sir.

Mr. BURTON. I am just concerned about being able to take care of the veterans' needs with that kind of a cut. Does it look like it's going to be a severe handicap?

Mr. HAGAN. I wouldn't say that it will be a severe handicap. We will have to make management improvements, increase our efficiency and productivity, and we think we will be able to do this. It may impact somewhat on our workload. We might not have the timeliness that we desire, but we will get the job done.

I'm happy to say that we have, within the Department of Veterans Benefits, an attitude among all the employees of "we can do it".

Mr. BURTON. Well, that's good. Are your budget cuts because of fewer claims which necessitates fewer employees? If not what is the reason for those cuts?

Mr. HAGAN. I would say that it is because of many things, including the reduction in claims.

Mr. BURTON. OK. Thank you.

No more questions, Mr. Chairman.

Mr. APPLEGATE. Thank you very much, Mr. Burton.

Thank you, Mr. Hagan, and your staff, for coming over this morning and appearing before us and giving us your testimony. Of course, it will prove valuable to us, as it always does. And again, express our sympathies to Dorothy.

Mr. HAGAN. I shall. Thank you, Mr. Chairman.

Mr. APPLEGATE. We will have three panels. First of all, let's call up Bob Moran with the PVA, Commander John Wanamaker of the Retired Officers Association, and Charles Jackson, Non Commissioned Officers Association. You all have prepared texts, I am sure, which we would be more than happy to accept into the record. If possible, if you could limit yourself to 5 minutes—I don't like to necessarily impose a 5-minute rule—but if you could do that, we would appreciate it very much. You do have the materials and we will have them.

Bob, why don't you start off.

STATEMENTS OF BOB MORAN, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA; JOHN F. WANAMAKER, DEPUTY DIRECTOR, LEGISLATIVE AFFAIRS, THE RETIRED OFFICERS ASSOCIATION; AND CHARLES R. JACKSON, NATIONAL VETERANS SERVICE DIRECTOR, THE NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA, ACCOMPANIED BY RICHARD W. JOHNSON, DIRECTOR OF LEGISLATIVE AFFAIRS

STATEMENT OF BOB MORAN

Mr. MORAN. Thank you, Mr. Chairman. First of all, I would like to apologize for Mr. Jack Powell. He is not going to be able to be with us this morning.

Mr. Chairman and members of the subcommittee, it is a pleasure for PVA to be here today and to present our views and concerns concerning these various VA programs. I am Bob Moran, associate legislative director.

PVA has always supported a viable compensation program to care for the service-connected disabled veterans and their families. Compensation is, for many of PVA's members, extremely important, because for many catastrophically disabled veterans it remains their primary source of income.

It is PVA's position that annual increases in compensation rates must be commensurate with increases in the Consumer Price Index. This year the Senate has recommended an increase of 4.7 percent based on their economic assumptions, and this subcommittee and the full House Committee on Veterans' Affairs has recommended a 4.3 percent increase based on their projections. We cannot determine which of these two proposed rates of increase is most correct. We only ask that during your considerations that the most current economic conditions be assessed and that veterans be protected from the destructive effects of inflation.

We again would like to thank you, Mr. Chairman, and members of the subcommittee, for reflecting the agreed date as December 1, 1984, for these increases.

One area which PVA is concerned regarding the compensation program is the time delay in receiving necessary documentation to process initial claims. We have received information that there is a delay in the VA from 6 to 9 months in receiving necessary service records. PVA is distressed with this delay which causes undue hardship in some cases for our Nation's veterans, and would like to see steps taken in order to ensure that such delays do not occur. We would like to see the VA working with the Department of Defense in establishing procedures for expediting these necessary documents in a timely manner so veterans' claims for service-connected compensation could be promptly adjudicated.

In regards to the DIC program, the Dependency and Indemnity Compensation Program, which cares for service-connected disabled veteran survivors, we remain discontented by the awarding of DIC benefits based on military pay grade rather than on the veteran's degree of disability. PVA understands the rationale for awarding benefits based on military pay grade when a serviceman dies in military service. However, when service-connected disabled veterans die from service-connected causes years after termination of

their military service, we believe and have testified for years that there is little or no correlation for using military pay grade as a basis for computing the DIC benefit for surviving spouses.

PVA proposes that DIC benefits awarded to a surviving spouse be established at 75 percent of the deceased veteran's monthly compensation rate. And, existing beneficiaries should be grandfathered under current law if it is not to their benefit to elect DIC payments under the new rate structure.

Finally, Mr. Chairman, the last issue PVA would like to address this morning is the automobile adaptive equipment program. PVA supports the intent of this legislation but feels that it falls short of its intended purpose to provide eligible veterans available dependable transportation. The need for adaptive equipment for automobiles or other vehicles is essential if the most seriously disabled veterans are to achieve their basic transportation needs. Paralyzed Veterans of America can most readily attest to this, since all of our members are catastrophically disabled and most depend on some type of automobile adaptive equipment appliance for their vehicle.

The provision of H.R. 5688 regarding automobile adaptive equipment fails to consider the needs of unmarried veterans. Mr. Chairman, whether veterans are married, single or separated, we cannot overemphasize the importance of dependable, properly equipped vehicles for catastrophically disabled veterans. In our automobile-orientated society, reliable transportation is the key to independence. An automobile breakdown is an inconvenience for most citizens, who must then rely on public mass transportation, the use of a second vehicle, or the assistance of others for conveyance. For most catastrophically disabled veterans, an automobile breakdown results in the veteran being stranded with no alternative means of transportation available. Public mass transit systems, for the most part, are inaccessible, and under existing law no second vehicle is available for use. Vehicles of others are not equipped for operation and in most cases even preclude entry.

PVA's recommendation is that a veteran be eligible to obtain two vehicles in a 3-year period, and that the veteran be eligible to own two vehicles with VA-approved adaptive equipment at the same time. This proposal, which is contained in S. 2514, and which PVA strongly supports, would assure veterans, regardless of marital status, of having dependable transportation.

This concludes my testimony. Thank you.

[The statement of R. Jack Powell appears on p. 47.]

Mr. APPLEGATE. Thank you, Bob.

Commander, would you like to move ahead?

STATEMENT OF JOHN F. WANAMAKER

Commander WANAMAKER. Thank you, Mr. Chairman. I want to thank the members of the committee for providing us this opportunity to present the views of the Retired Officers Association on issues within the responsibility of this subcommittee.

These oversight hearings are especially important because, as we meet here today, the House/Senate conferees are also meeting to agree upon the first concurrent budget resolution which would establish revenue and spending levels for the next 3 fiscal years

through 1987. Language included in that resolution could result in making binding spending levels for budget function 700, Veterans Benefits and Services. There is only one member of this committee among those conferees, and none from the Senate Committee on Veterans' Affairs.

My point in bringing this out, Mr. Chairman, is that when the budget resolutions and omnibus budget reconciliation bills control the level of benefits to veterans' disability compensation programs and to dependency and indemnity compensation programs, then it is time that the members of this committee stand up and say "enough is enough." We have been hearing over and over from the budget-cutters that nonmeans tested entitlement programs need to be reduced.

The disability compensation and dependency and indemnity compensation are two such programs which never were intended to be a means tested program. They were developed over the years to replace the lost income of veterans due to disabilities and to replace the income of survivors of those who died while in the service of their country. Delays or caps to the mechanism to maintain the purchasing power of these programs that are imposed by budget resolutions or reconciliation efforts, without thorough consideration by this committee or its counterpart in the Senate, should not be tolerated.

The American people have, since our Nation was established, attempted to provide for its disabled veterans and the dependents of those who gave their lives in defense of their country. I don't believe that the American taxpayers now desire that the basic principle of replacing the lost income of disabled veterans or of their dependents be basically or radically changed. Budget proposals to reduce future veterans' compensation and other such nonmeans tested programs by either a CPI minus 2 or a CPI minus 3 or 60 or 75 percent of the increase in the CPI amounts over the first $10,000, as has been proposed, I believe that all of these would violate the basic foundation on which these programs were built. This committee must ensure that such radical proposals are not allowed to prevail.

On the disability compensation program, its purpose is designed to provide relief from the impaired earning capacity due to disease or injuries resulting from military service. The current disability compensation has serious flaws which I would like to bring to the attention of this subcommittee for consideration.

First, the basic rates of disability compensation are inadequate. The ratings, according to title 38, section 355, are to be based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civilian occupations. I would call the committee's attention to a comparison of the Government's range of compensation for its civilian employees. The monthly rate of compensation under section 8110, title 5, United States Code, may not be more than 75 percent of the monthly pay of the maximum rate of basic pay for a GS–15, and in the case of total disability, may not be less than 75 percent of the monthly pay of the minimum rate of basic pay for a GS–2, or the amount of the monthly pay of the employee, whichever is less.

These rates would currently be the maximum of $4,082 a month, and the minimum, $637 a month. I would suggest from this that those military employees that receive the pay equal to the GS–15 and are totally disabled should receive the same or similar compensation, which is 66⅔ percent of their monthly pay. The military veteran employee would receive $1,213, or less than half as much. This single comparison of the total disability rating between veterans and civilians is sufficient for the committee to task the administration to develop a comparison for all percentages of disability ratings.

I maintain that should the military employee be an aviator, a nuclear engineer, or a medical officer, that such specialized skills and other educational accomplishments should be considered when making compensation determinations.

On concurrent receipt, Mr. Chairman, there exists one group of veterans that are not adequately compensated for service-connected disabilities. The group which I refer to are those veterans who have served 20 or more years and who have become retirement eligible for years of service. If they should become disabled on active duty, these veterans would receive the greater of the disability retired pay or retired pay based on years of service. The length of service retiree who is also disabled must, in effect, pay for his own disability compensation.

On the dependency and indemnity compensation, Mr. Chairman, I will address that program briefly. This program provides benefits to the survivors of members or former members whose death occurs on active duty, or as a result of a service-connected disability. The monthly rates paid to a surviving spouse are based on the pay grade of the service members at the time of death or release from military service. I recommend that the benefit schedule be truly increased, as necessary, to reasonably insure the maintenance of the survivors' standard of living existing at the time of death of the service member. Our Nation has a long outstanding record in providing benefits to the survivors of those whose husbands and fathers gave their lives in the service of their country, for which this, our Nation and this committee, can be especially proud.

To establish the income levels existing at the time of death, however, the current basic pay schedule should be replaced by the amount of basic military compensation or BMC. This is defined in the United States Code, title 10. This more accurately reflects true income and is comparable to civilian employees salary. The recommended amount of dependency and indemnity compensation should be 50 percent of BMC, and 50 percent of the salary is an accepted replacement level for Federal civilian employees who suffer a job-related death. The compensation for the dependent of military service members should not be less.

On the termination of DIC benefits upon remarriage, under other Federal programs—Social Security and the Federal Employees Compensation Program—benefits are payable until death, or remarriage if the beneficiary is under age 60. The civil service surviving widow can receive the benefit until death or until she remarries before reaching age 60. I recommend that the Congress authorize surviving widows who are receiving benefits under the DIC

program to continue to receive these benefits if they should remarry after age 60. Other Federal programs do so, and it is only proper that these widows be afforded the similar minimum consideration.

I want to thank the committee for allowing me to provide the views of the Retired Officers Association on these important matters, and I would be glad to provide any answers to any further questions you may have.

[The statement of John F. Wanamaker appears on p. 54.]

Mr. APPLEGATE. Thank you very much, Commander. We appreciate your input.

Mr. Charles Jackson.

Mr. JOHNSON. Mr. Chairman, if I may, I am Dick Johnson, the director of legislative affairs for the Non Commissioned Officers Association. I would like to introduce Mr. Jackson to the committee.

Mr. APPLEGATE. Fine.

Mr. JOHNSON. He joined the association 5 years ago, after 25 years in the U.S. Navy, a career which culminated in his assignment as a force master chief of a Navy recruiting command. After coming to work for the association, he organized our National Service Program and he brought NCOA on line as an accredited national service organization by the Veterans' Administration. We are now the fourth largest such organization on the VA rolls.

Mr. Jackson is currently serving as a member of the international board of directors of the Non Commissioned Officers Association and is the international secretary to the Association. He is also our National Director of veterans services. He represents truly the professional excellence of the noncommissioned and petty officer corps and, hopefully, the Non Commissioned Officers Association.

It is my pleasure to introduce Mr. Jackson to the committee this morning to make our statement on compensation programs.

Mr. APPLEGATE. Mr. Jackson, let me just welcome you to the subcommittee. It's nice to have you here. And thank you, Dick.

STATEMENT OF CHARLES R. JACKSON

Mr. JACKSON. Mr. Chairman, we thank you for this opportunity to appear on behalf of the more than 250,000 associated members of the Non Commissioned Officers Association.

Mr. Chairman, my prepared statement addresses in detail a number of issues of concern to NCOA. For several years, NCOA representatives have criticized inadequacies of the DIC program. I will not consume the committee's time this morning to further discuss the problems of the program, but the Association does believe that this is the most important issue facing the committee today. It is our belief that some action should be taken soon to provide for a more equitable distribution of DIC survivors' benefits.

A second area of concern addressed in our prepared statement is the concurrent receipt of retired pay in veterans disability compensation. Under current law, military personnel who are retired for length of service from the Armed Forces must forfeit a portion of their retired pay to receive veterans disability compensation. This forfeiture is required, even though one payment is earned for years of service and the other for some medical condition related to serv-

ice. Only military retirees must make such a forfeiture. Other veterans who are compensably disabled by service are not required to make any similar forfeiture, even if they are Federal employees. In fact, no veterans, including those convicted of felonies and residing in prisons, are required to make any forfeiture of disability compensation.

Any living veteran, notwithstanding the source or amount of any income, can receive disability compensation without having to give up anything—that is, unless they have served in the Armed Forces of this Nation more than 20 years.

This situation seems incongruous to the NCOA. Accordingly, we recommend the adoption of one of the many proposals pending before this committee, including the chairman's bill, H.R. 468, which would allow the concurrent receipt of longevity retired pay and disability compensation.

Finally, Mr. Chairman, we know the proposals we have made are likely to be expensive. However, we believe there is an offsetting area of potential cost savings which should be explored. The Association is somewhat disturbed by the ease with which surviving spouses of veterans move on and off the DIC rolls under the reinstated benefits program.

So that NCOA is not misunderstood, let me first say that the Association fully supports the goal and the obligation of providing for the surviving spouse of a veteran who dies from a service-connected disability. However, we believe that this obligation is diminished by the subsequent marriage of a veteran's surviving spouse. Accordingly, NCOA does not believe subsequent reinstatement to the DIC rolls is appropriate.

Nevertheless, we are not unsympathetic to the plight of survivors. Therefore, we believe it would be appropriate to allow for the payment of pensions instead of reinstated DIC to those survivors who qualify under current law. Additionally, we believe such a change in the reinstated DIC benefit should be entirely prospective and no one currently on the rolls should be removed as a result of this change.

Mr. Chairman, that concludes my remarks. I will be most happy and pleased to attempt to answer any questions you or members of the committee may have on NCOA's veterans service program or this statement.

Thank you.

[The statement of Charles R. Jackson appears on p. 64.]

Mr. APPLEGATE. Thank you very much, Mr. Jackson. We appreciate your testimony before the committee. Once again, it will be made a part of the record and it will, of course, prove very beneficial to us in our oversight hearings.

I have no questions at this time. Mr. Burton, do you have anything?

Mr. BURTON. I just have one question, Mr. Chairman, and that is of the Paralyzed Veterans of America.

You said, Bob, that there is a 6- to 9-month delay in receiving service records?

Mr. MORAN. Yes. We have received some information that there is a delay. We have contacted our field units to get a better overall

picture. But the information we have in some areas is that yes, there is a 6- to 9-month delay.

Mr. BURTON. Is that just recent that that has happened, or has that kind of delay been happening for a long period of time?

Mr. MORAN. I really can't answer that until we get a feedback from our field units. This is just something that we have picked up recently. Being a former county service officer for 10 years, there always has been in certain areas some delays in receiving the necessary military records. As far as I know, maybe the 6- to 9-month delay is something that has just come about recently.

Mr. BURTON. What is a reasonable period of time to expect those records?

Mr. MORAN. That's a good question.

Mr. BURTON. Well 2 months, 3 months?

Mr. MORAN. I don't know. There are people who could probably better address that than me. I found that it all depends on where possibly the veteran is stationed, what kind of claim, and if there is any kind of foul play involved in anything. But usually, maybe 2 to 3 months I would say has been a normal period of time.

Mr. BURTON. I would just say, Mr. Chairman, that with the computer setups that we have now, it just seems inconceivable that they could have that kind of a problem. I would think 30 to 60 days ought to be plenty of time; 6 to 9 months is ridiculous.

Thank you very much, Bob.

Mr. MORAN. Thank you.

Mr. APPLEGATE. Thank you, Mr. Burton.

I would agree with you very strongly on that, because those of us who have an opportunity to work a lot with the veterans officers and with the veterans on their individual cases know what those delays are. It is hard to pinpoint the responsibility. However, apparently it is with the GSA.

We would like to see that cut down, and I think it ought to be cut. Our committee staff has delved into this and is making a study on it for our own benefit, with some recommendations. I think that maybe Mr. Moon may have some comments to make.

Mr. MOON. It seems that this may be a fairly recent development, this trouble in getting records on newly discharged veterans. We do our own oversight activity on a daily basis. That friendly telephone service works pretty good. We get complaints of the difficulty in getting the records out of the General Services' records center in St. Louis. I have received information from several field stations that the MPRC will tell us they have the records on station but they won't be available for another 60 to 90 days.

Now, I will be in touch with DVB personnel in the next few days to discuss this. It appears that the problem may be beyond VA's control, but we do need to build a fire under that other agency to improve the service. I did learn from the VA that the overall average length of time to process initial claims has gone up—not dramatically, but it has increased. Obviously, this difficulty in securing records has something to do with it.

So I do appreciate you bringing that to our attention, Bob. It had come up elsewhere, but it won't fall on deaf ears. We'll see if we can't do something to improve that.

Mr. MORAN. Thank you.

Mr. JOHNSON. If I might offer, Mr. Chairman, a part of the problem on recently-discharged veterans is that the services hold those records at their individual headquarters anywhere from 90 to 180 days before they turn those records over to the Federal Records Center in St. Louis. Part of the initial delay is the hopefulness on the part of the Defense Department that those folks are going to come back in 6 months and reenlist. That subjects those who are recently discharged to further delays when they hold their military records.

Mr. APPLEGATE. It is sort of a method then.

Mr. JOHNSON. Yes.

Mr. APPLEGATE. Mr. Burton.

Mr. BURTON. I just have one more question. It seems to me that if they want to hold those records for that purpose, that they could have a duplicate set, or it could be fed into the computer and they could go ahead and forward that information. I mean, there is nothing wrong with them keeping a set of those records for those who——

Mr. JOHNSON. Then it becomes a duplicative reproduction in that area, and then you end up ultimately with an extra set of records that you have made.

Mr. BURTON. But to hold those for 6 months when somebody needs them, just because they're anticipating somebody might want to re-up, that doesn't make sense.

Mr. JOHNSON. There is a potential there that the service member may be able to go back to his parent service who still holds those records and request the records from that source, rather than going to the Federal Records Center.

Again, I reiterate, we're talking about recently discharged veterans, within 6 months of their discharge. Those service records can be requested from the parent service. Frequently, it is just a matter of not knowing where the records reside and, therefore, you automatically submit your service record request to St. Louis and they just hold it and don't forward it.

Mr. BURTON. Since you have some expertise in this area, you, along with your colleagues at the table there, might put your heads together and come up with some kind of a proposed solution to speed up this process and bring it to the attention of the subcommittee.

Mr. JOHNSON. It is kind of a whose got the button issue. Without knowing where those records reside, you really don't know where to send your request. A shotgun request is the most likely answer. If you have a guy within 30 to 180 days of discharge and he, unfortunately, didn't make a copy of his records to bring with him when he left, then the best thing to do is shotgun the request—one to St. Louis, one to the last duty station, and one to the Military Personnel Center, asking for copies of whatever records are required for that individual. Then just wait and see who answers it.

Mr. APPLEGATE. Do you know this to be a fact, that they hold those records for that purpose? If so, do you have any idea what kind of success they have?

Mr. JOHNSON. It depends on the economy of the situation. I know for a fact the Marine Corps holds the records for 6 months. I am not sure——

Mr. JACKSON. Also the Navy, for 90 days.

Mr. JOHNSON. The Navy also holds them for 90 days. I am not sure about the Army and the Air Force.

It is streamlining the administrative chain of the service, because when they get a guy that walks into a recruiting station and he says, "I've made a big mistake; I have been out 90 days and I can't find a job," all that recruiter has to do is go back to the headquarters for his service and they pull the records and say, "Yes, the guy can reenlist." He's blessed and within 24 hours he's back in the Armed Forces. Whereas, if they had to go all the way back to the Records Center in St. Louis, it may take a week or more, and by that time the guy has changed his mind again or he's found a civilian job and has decided he doesn't want back in the service.

Mr. APPLEGATE. I appreciate that, and I know it is a major problem. It is one that we will definitely look into and see what can be done to correct it.

Thank you very much, all of you.

Mr. APPLEGATE. For panel No. 2, we have Chuck Partridge, National Association for Uniformed Services, Rick Heilman from the DAV, and Ellsworth Sharpe, Blinded Veterans Association. Gentlemen, if you will all come forward, we would appreciate it.

Gentlemen, you can proceed as you wish. Mr. Partridge.

STATEMENTS OF CHARLES C. PARTRIDGE, LEGISLATIVE COUNSEL, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES; JOHN F. HEILMAN, NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS; AND ELLSWORTH L. SHARPE, IMMEDIATE PAST NATIONAL PRESIDENT, BLINDED VETERANS ASSOCIATION

STATEMENT OF CHARLES C. PARTRIDGE

Mr. PARTRIDGE. I would like to express our appreciation on behalf of the National Association for Uniformed Services for the opportunity to present our views here today. I would also like to thank you and members of the subcommittee and the staff for the excellent legislative package represented in H.R. 5688. The hard work and concern on the part of the members and staff of this subcommittee are clearly evident in the bill and for that we are grateful.

You have my written statement before you. It is consistent with this association's previous testimony. Therefore, I will not read it. But I would like to highlight our concerns regarding dependency and indemnity compensation.

First, dependency and indemnity compensation rates should take into consideration more than the pay grade of the deceased. It should include other factors such as time in service and conditions or circumstances surrounding the cause of death.

Second, we believe that automatic adjustments to dependency and indemnity compensation should be based on the Consumer Price Index as is currently done for Social Security beneficiaries.

Third, widows drawing dependency and indemnity compensation should be allowed to remarry after age 60 without losing eligibility for benefits. This opportunity is afforded to widows in other pro-

grams. The cost to do this is small. We think the issue here is equity.

Mr. Chairman, this concludes my statement. I will be glad to respond to any questions.

[The statement of Charles Partridge appears on p. 74.]

Mr. APPLEGATE. Thank you very much, Mr. Partridge.

Rick.

STATEMENT OF JOHN F. HEILMAN

Mr. HEILMAN. Thank you, Mr. Chairman, Mr. Burton.

I will also summarize my statement, Mr. Chairman. I know you will put it in the record.

Let me first say that we do appreciate the fact that your subcommittee has decided to hold these oversight hearings. I do want to say that as far as the DAV is concerned we believe that the compensation programs, their evaluation, modification and periodic adjustment should remain firmly in the hands of this subcommittee, the full committee, and your counterparts in the Senate.

We have just one specific concern to address this morning, as indicated in our statement, and that does relate to the dependency and indemnity compensation program. As you are aware, Mr. Chairman, by virtue of a mandate received from our most recent national convention, we are pursuing a legislative objective that would call for a change in the current rank-based formula that governs payments under the DIC program. As has been indicated earlier, payments are based upon military rank of the deceased serviceman at time of death for an inservice death, and the rank at military discharge for postservice death.

Notwithstanding that fact, we do believe that a more equitable distribution of payments can be achieved. Factors such as the percentage of disability evaluation at time of death have no bearing whatsoever on the current formula. Also, the longevity of a serious service-connected disability has no bearing, as does the fact that for postservice deaths the lifestyle of the veteran and their family, the estate that is left to the survivors, has no bearing in terms of rank of a PFC or an E–3 corporal that were held perhaps some 20 or 30 years ago. So we do believe that the payment formula should be changed.

As you indicated, Mr. Chairman, we have petitioned the VA to come up with some data relevant to the DIC awards so that perhaps various options could be looked at and cost estimates obtained. We were quite disappointed that the information was not available at the time of these hearings. I heard the VA witness indicate earlier that this information would be provided later this year. I would just hope that later this year does not, in fact, mean 5 minutes to midnight on December 31. As you know, we want to finalize a proposal, if possible, and get it introduced and get some cost estimates so that the subcommittee and the full committee can look at the dollar figures that are involved in terms of the budget recommendations that they may or not make next year.

Let me conclude just by saying that our mandate is quite flexible. We certainly intend to work with the subcommittee and the

staff. We are willing to work with all interested parties in pursuit of this objective.

That concludes my statement, Mr. Chairman.

[The statement of John F. Heilman appears at p. 78.]

Mr. APPLEGATE. Thank you very much, Rick. I appreciate your statement.

Mr. Sharpe.

STATEMENT OF ELLSWORTH L. SHARPE

Mr. SHARPE. Mr. Chairman and members of the subcommittee, as you may know, one of the objectives of the Blinded Veterans Association is to assure that blinded veterans get just compensation for their disability. Also, we believe that one of the reasons for this committee's existence is to see that all veterans are justly compensated for their service-connected disability.

Last year, this committee supported a bill which concerned blinded veterans with a combined hearing loss as well. This bill was approved by the full committee and also by the House, and it was later combined with a Senate bill which was somewhat watered down. But later, this was signed by the President. Although it wasn't as much as we thought was necessary, we believe it was a step in the right direction and thank this committee for their support.

The Blinded Veterans Association is aware that congressional action is not always necessary to do away with inequalities in the compensation rating schedule. The VA itself can make some of these changes. As you know, often it is necessary for this committee to monitor and oversee and even legislate to keep the VA straight.

In a recent meeting between members of the Blinded Veterans Association and the chief benefits director of the VA three problem areas surfaced. The first of these areas is an area which years ago the VA agreed was an unjust rating method. This involves veterans who have both visual acuity and visual field losses. The present method for rating these veterans is that the most severe of the two conditions is used to determine the rating. An extreme case of showing how this is inequitable is a blinded veteran might have a 5 degree field of vision, but in that small peashooter he is looking through, he might have 20–20 vision; whereby another veteran with a 6 degree field, with very poor vision at the end of his peashooter, would get less money than the first one.

In another area, a recent study conducted by a prominent researcher at the Wilmer Clinic of the Johns Hopkins University Hospital concluded that retinitis pigmentosa is not necessarily an inherited disease. The Veterans' Administration has accepted this conclusion. However, the Veterans' Administration will not change its rating procedures until additional tests are developed to differentiate between genetic and nongenetic retinitis pigmentosa.

Until, this test is perfected, these veterans will not be justly compensated. We believe something should be done now.

The third area of disagreement is one in which the Blinded Veterans Association and the VA disagree completely, and this is the area of severely limited field of vision.

Just by way of background, a normally sighted person has a vision field of approximately 180 degrees. A person could have just a 10 degree field and his vision would not be 10 over 180 or 1 over 18 or less than 5 percent. His actual field of vision would be 1 over 18 squared or a closer approximation being an area where you are measuring less than 1 percent. Yet, he is not called 100 percent disabled at this point. We believe those scales should be changed somewhat so that a veteran with less than a 10-degree field should be rated 100 percent disabled. Likewise, on down to a person with a 20 degree field, it should be 70 percent disabled.

In another area, according to our belief, it has been the philosophy and the rationale of the VA in designing their benefits program, that the amount of payment for disability should be reflected by the economic loss caused by the disability. As you know, blinded veterans have difficulty obtaining and maintaining decent jobs.

Another area, though, that might not be quite as obvious, sighted people, whether handicapped or not, take for granted such things as are involved in daily living activities. This area includes driving a car, reading your paper, reading your mail, paying your bills, or doing minor home repairs. In these areas, blinded veterans need help, perhaps the employment of someone else to do these tasks for them. We believe that this should entitle them to aid and attendance. As you know, veterans receiving aid and attendance do not necessarily use that directly for medical aid.

Last but not least, we agree with the other speakers today that DIC based on the rank of the individual when disabled is not relevant to a veteran who was injured 40 years prior to death.

Thank you very much for this opportunity.

[The statement of Ellsworth L. Sharpe appears at p. 87.]

Mr. APPLEGATE. Thank you very much, Mr. Sharpe. I appreciate very much your input.

As Mr. Heilman pointed out, your statements will all be made a part of the record and, of course, will be scrutinized and analyzed very carefully and fully utilized by us in our deliberations.

We thank you all very much for appearing before the committee.

Panel No. 3, we have Jean Arthurs, National Association of Military Widows, Donald Schwab, VFW, Earl Derrington, American Ex-Prisoners of War, and Colonel Houston, Veterans of World War I. If you would all come to the table.

Chivalry being what it is, and still maintained by this committee, we will start off with Jean Arthurs.

STATEMENTS OF JEAN ARTHURS, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF MILITARY WIDOWS; HERBERT M. HOUSTON, DIRECTOR OF LEGISLATION, VETERANS OF WORLD WAR I, INC.; C. EARL DERRINGTON, JR., NATIONAL COMMANDER, AMERICAN EX-PRISONERS OF WAR; AND DONALD H. SCHWAB, DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

STATEMENT OF JEAN ARTHURS

Mrs. ARTHURS. Thank you, sir.

Mr. Chairman and members of the subcommittee, I thank you for the opportunity to present the views of the National Associa-

tion of Military Widows at this oversight hearing on the compensation program.

The National Association of Military Widows is a nationwide organization dedicated to the welfare of all military widows. Our goal is to assure the equitable treatment for all military widows through legislation, assistance, information, and membership.

In regard to legislation, we work for changes in the laws to correct inequities and make survivor benefits for the military widows on a level comparable to the other Federal agencies. It is our view that since the Federal agencies and the military share the same paymaster, all should receive equal treatment and benefits.

It is now time for Congress to correct the dependency and indemnity compensation program on the same basis as applicable to the Federal civil service program. A substantial difference in death compensation exists at every pay level between DIC and FECA programs. This is due to the varied compensation formula used to compute the benefits under each applicable law.

The FECA compensation formula is computed at 55 percent of full civilian pay and escalates to 80 percent in some cases as bonus payments are included.

In comparison, the annuity for widows of privates, airmen, and seamen in pay grade E–1 equals 55.15 percent of the serviceman's pay. The maximum amount for DIC widows of servicemen pay grade O–10 is 15.7 percent. Dependency and indemnity compensation is the only such formula that is self-reducing. The higher in rate or rank attained and the longer served, the lower the percentage the widow receives. The average DIC entitlement really averages about 20 percent of the serviceman's pay. There is very little comparison between these two systems. The following comparison illustrates the difference:

For a military O–5, the monthly pay would be in the area of $4,029. The DIC benefit is $726. The comparable foreign service monthly pay is $4,166. If the formula was computed at 50 percent, the widow would receive $2,082, or if it goes to 75 percent, as it does in some cases, it would be $3,123. With an E–6, which is the most common type as far as DIC is concerned—there are more enlisted men's widows than officers—the E–6 in the military would receive $1,811 monthly pay and the DIC benefit would be $526. The comparable foreign service monthly payment to the man would be $2,500, and 50 percent annuity would be $1,250, or at 75 percent, $1,875. So you can see there are great discrepancies. The Iranian hostage crisis and the Beirut Marine attack are cases in point.

To overcome these inconsistencies, we recommend that the long established FECA program apply to all federal employees, whether they are military civil service personnel.

For many of these widows, DIC is the sole means of support. Congress originally intended that DIC be a supplementary compensation as recompense for the death of the sponsor from active duty or service-connected causes. An analysis, with an in-depth view, points out that the loss of a serviceman to a military widow is just as great as the loss to a civil servant. In some cases, due to the logistics of the situation, it is much worse. Most civil servants have a stable, home base.

It is quite different in the military. When death strikes suddenly and you are far from the United States, and do not have a home base, it presents a traumatic, expensive situation. With the expense and problems of relocation, some of these widows remain at poverty's door forever.

According to past veterans' studies, the average DIC widow is now over 60 years of age. Living is hard for most as they do not fit into the work force and maintaining a standard of living is difficult. Most of these women spent the greater portion of their lives functioning in traditional military roles within the context of military service—wife, homemaker, mother, and an obligation to the military community. Functioning as one-half of the service family, she often had many obligations to the military community. All of these demands, coupled with the every 2-year relations, often resulted in lack of marketable skills. Due to age, lack of job experience and skills, job opportunities usually earn minimal pay. There is little chance to earn pension benefits in her own right. Their lives were spent supporting their serviceman by maintaining the family unit and contributing in any way possible to the success of his career.

Now, again an issue of concern to military widows is the benefit termination as a consequence of remarriage after age 60. Representative Whitehurst has introduced H.R. 433 and Representative Roe has sponsored H.R. 334. These bills stipulate that the remarriage of the widow receiving DIC after the age of 60 shall not result in the termination of the compensation.

The Nation has acknowledged a debt to these military widows through the enactment of the DIC program. They are the surviving widows of the servicemen who died on active duty, or a retiree whose death was a result of disease or injury service related.

The other Federal programs covering survivor benefits include this option. Under the FECA program, at age 60 the widow is allowed to remarry and her annuity continues. But if she remarries before age 60, she is still awarded 24 months full annuity. Under the DIC program, the annuity ends with remarriage at any age and no award is made.

Among other Federal programs with the remarriage after 60 factor include the retired serviceman's family protection plan and the military survivor benefit plan. Omitting the DIC program is discrimination within categories of the military community.

The Civil Service and Foreign Service programs include the retaining of the annuity on remarriage after age 60.

All of these groups have the same paymaster—the U.S. Treasury. It is time to correct this inequity among Federal programs. Let's make it equitable. The cost factor for this change would be negligible as so few widows at age 60 have an opportunity to remarry.

This concludes my testimony today. I wish to thank you, Mr. Chairman, and members of the subcommittee, and the staff, for allowing me to testify today.

[The statement of Jean Arthurs appears at p. 95.]

Mr. APPLEGATE. Thank you very much, Mrs. Arthurs.

Next we will listen to Colonel Houston. Colonel, it's good to have you here.

STATEMENT OF COL. HERBERT M. HOUSTON

Colonel HOUSTON. Thank you, Mr. Chairman, members of this distinguished committee. The Veterans of World War I appreciate the invitation to appear before you to submit a statement on the compensation program.

Inasmuch as the Veterans of World War I of the United States of America is the senior veterans organization from a standpoint of years among the veterans' organizations of this country, they do not choose to suggest, neither do they presume to know, the needs of the majority of the younger veterans entitled to draw compensation payments for wartime service. In this regard, we gladly yield to the veterans' organizations whose membership consists of veterans of all of America's wars, assuring them that the Veterans of World War I support them in their efforts to obtain their objectives in securing a fair and equitable disability rating compatible with the cost of living, keeping this up-dated as the cost of living increases. Realizing that the strength of a larger membership, one including members from World War I to and including veterans from the Vietnam war, will assist our members on compensation compatible with the cost of living today.

It was this group of old veterans who in their youth brought pressure upon the Congress for the enactment of the Servicemen's Readjustment Act of 1944, commonly called the GI bill, and these same veterans from World War I have supported the enactment of similar legislation for the veterans of the Korean war, and again for the veterans of Vietnam. Among my trophies I treasure is one of the pens used by President Johnson in signing the GI bill for the Vietnam veterans.

One word of caution we do offer to the younger veterans of the wars subsequent to World War I is that the political whims that arise in our country and rally your forces to pressure the Congress not to allow another "Economy Act" similar to the one of March 20, 1933, when all disability ratings were repealed and compensation payments were stopped, whether the veteran was an ambulatory or hospital case. On that day of infamy, the veterans of World War I were turned out in the streets when their compensation was stopped. There were no veterans hospitals at that time.

The only rehabilitation program provided by the Government after World War I was an educational and vocational training program for service-connected drawing compensation. This program assisted approximately 200,000 World War I veterans. The balance of more than 4 million received nothing.

The Veterans of World War I of the United States of America, Inc., are deeply grateful for the assistance provided the service connected of our membership, for they are among the small percentage of World War I veterans who were able to obtain an education or craftmanship, enabling them to earn enough to support their families and have a chance for a home in their old age.

The Veterans of World War I of the United States of America, a last man or woman's organization, consider with pride that they have maintained the highest percentage of eligible members per capita of any veterans organization in our country, even at the age of 88-plus. The experience and knowledge of these old soldiers lend their

voice in adequate support of the disability ratings, adequate for the support of those depending on their compensation checks to meet the daily needs of modern America.

We wish to thank you, Mr. Chairman, for this opportunity to present the views of these old soldiers regarding compensation to this committee. Thank you very much.

[The statement of Col. Herbert M. Houston appears at p. 100.]

Mr. APPLEGATE. Thank you very much, Colonel.

I would only say to the veterans of World War I, had it not been for that organization, there would not be the veterans programs as we see them today, at least to the high degree they exist. With the massive support that the World War I veterans gave back in the forties and fifties, the older fellows from the previous war, and with their knowhow, they were able to help put programs through to help their colleagues and their buddies that served in subsequent wars. So I would say the veterans of World War I have really been a tremendous asset. I know all of the veterans since that time are very grateful for all that you have been able to accomplish for them.

Colonel HOUSTON. Thank you very much, Mr. Chairman.

Mr. APPLEGATE. Next we have Earl Derrington, Jr.

Mr. DERRINGTON. Mr. Chairman, may I stand?

Mr. APPLEGATE. Yes, you certainly can.

STATEMENT OF C. EARL DERRINGTON, JR.

Mr. DERRINGTON. I will attempt to keep my remarks within the timeframe. I have filed my statement for the record as it is here today.

The Ex-POW organization would like to thank the chairman and this committee for the privilege and opportunity of appearing before you today. We, as you well know, are a very minority-type group of people. Our membership is dying off most drastically, as you are well aware. Today I would like to confine my remarks to this.

The prisoners of war have a unique place in the history of the United States, in that we are a group of people that fought on without arms. We are a group of people that didn't turn around and ask, "Are you keeping daily records of our history or our scars?" We fought on without arms. There are those, of course, Mr. Chairman, today that would like to lay down their arms and be at peace. But when you do not have arms, you become a prisoner. Then you're at the mercy of those captors while you are under their control.

Mr. Chairman, our statement today boils down to the simple fact that the adjudication process with the Veterans' Administration does not work for prisoners of war. We respect very highly the Veterans' Administration's superefficiency in adjudicating claims properly when they have all of the facts. They do a superb job. What we want to tell the committee today is, for the masses of prisoners of war, it is impossible for the adjudication process to have the necessary facts to do the type of job which they're capable of doing when they do have the facts.

This is so well brought out by the recommendations of General Flynn's committee to the VA and to this chamber. They have made recommendations, of course, and nothing has been done about them, really, when you look at it in an honest light. We can say that the hot line was in; we can say that the data collection continues. We thank this Congress for passing the depressive States the other day. We appreciate that very much. We hope this will solve this particular problem.

But, sir, what we would like to appeal to you to do today is to expand the presumptive list of ours, in some form, so that we will not have to produce evidence that we don't or can't produce.

In closing, Mr. Chairman, when we were prisoners of war, serving our country, so that gentlemen like you could have the honor and privilege of serving this great Nation, we didn't ask any questions. We just continued to fight on. Today, Mr. Chairman, we would like for you to know that as a prisoner of war, we didn't beg or plead with the SS troopers and their black boots for mercy; we didn't beg or plead with the Japanese soldiers and their sabers. But today, Mr. Chairman, for all of the POW's in the United States, I plead on their behalf that you will take care of this problem.

Thank you, sir.

[The statement of C. Earl Derrington appears at p. 103.]

Mr. APPLEGATE. Thank you very much, Mr. Derrington. It was a very strong and very eloquent statement. I appreciate it very much. You can be sure that we will be working with you to try to make these corrections.

Mr. Schwab.

STATEMENT OF DONALD H. SCHWAB

Mr. SCHWAB. Thank you, Mr. Chairman, for the privilege of appearing before this distinguished subcommittee.

Of course, the purpose of the VA compensation program, which is the keystone of all veterans' benefits, is to remunerate in part veterans suffering from impaired earning capacity due to their service-connected disabilities. The purpose of the dependency and indemnity compensation program is to provide partial compensation for the loss of financial support to the survivors of veterans who expired due to their service-connected disabilities or who, with some restrictions, were rated permanently or totally disabled at the time of death.

Mr. Chairman, the legislative posture of the VFW for each ensuing year is established by resolutions passed by the voting delegates to our last national convention. Due to the numerous improvements made in the compensation and DIC programs over the years, through the efforts primarily of this subcommittee, very few resolutions were passed by the voting delegates to our 84th national convention in New Orleans last August.

Resolution 609 addresses the DIC and social security offsets under the Armed Forces survivor benefit plan, which, of course, is a matter falling within the purview of the Armed Services Committee.

Our resolution 626 calls for a 10-year protection period for service-connected disability evaluations. Two bills introduced by you,

H.R. 463 and H.R. 1871, by request, would fulfill in whole or in part our resolution.

Resolution 628, entitled "Increase Disability Compensation for Disabled Veterans," is a moot issue at this time due to the increase in compensation and DIC in April, and legislation pending now to provide an increase in fiscal year 1985.

Resolution number 670, entitled "Clothing Allowance for Veterans with Service-Connected Skin Conditions" is self-explanatory.

Mr. Chairman, the Veterans' Administration opposed our resolution and commented on it. It is their belief that therapeutic tar ointments and tar jells used in the treatment of skin diseases are reasonably laundered out and the stains can be generally removed. We don't believe this. Some tar medications never launder out. While some can, some are never eradicated. The same with garments that must be dry cleaned. Even assuming the VA was correct, that they can be laundered out, the necessary increased laundering and cleaning substantially reduces the life of such garments. We believe our position is tenable and support the passage of H.R. 465 to grant a clothing allowance to veterans with service-connected skin conditions.

Our resolution numbered 674 calls for amending 38 U.S.C. 3012 by increasing from 60 days to 120 days any reduction in compensation payable to veterans suffering service-connected disability. The rationale therefore is that the substantial loss of income normally involved results in adjusting living conditions and this usually takes a longer time.

I would like to express my appreciation on behalf of the VFW to this subcommittee for holding this oversight hearing. I thank you, sir.

[The statement of Donald Schwab appears at p. 122.]

Mr. APPLEGATE. Thank you very much, Mr. Schwab. I appreciate your testimony.

I have no questions at this time, but we certainly do have plenty of material to look over. I would only say thank you all very much for presenting your testimony this morning and appearing before us. We appreciate your being here and will look forward to your next visit.

The hearing is adjourned.

[Whereupon, at 10:35 a.m., the subcommittee was adjourned.]

APPENDIX

Statement of John W. Hagan, Jr.
Deputy Chief Benefits Director, Veterans Administration
Before the Subcommittee on Compensation, Pension
and Insurance
Committee on Veterans' Affairs
House of Representatives
June 14, 1984

Mr. Chairman and Members of the Subcommittee, I am pleased to appear before you this morning to discuss a variety of issues which impact on the Department of Veterans Benefits programs. I will especially deal with the areas of concern set forth in your invitation.

WORKLOAD TRENDS FOR THE ADJUDICATION PROGRAM

Workload in Adjudication Divisions has been gradually decreasing since 1977. We expect this trend to continue through the 1980's.

The number of original disability compensation claims has declined in the last few years as the rate of discharge from the military has slowed because of longer peacetime enlistments. Beginning in FY 1985 the number of new compensation claims should stabilize at about 98-100,000 per year.

We anticipate the number of veterans and survivors on the rolls in the disability and death pension programs will decline despite the fact that our largest veteran group, those who served in WWII

2.

and their surviving spouses, will in the majority be over age 65 in the next decade. While the age and health status of these individuals give them potential eligibility to pension benefits, most will have income from social security and other retirement sources which will preclude payment. So in effect, instead of our pension rolls increasing, the aging of the WWII veterans and their surviving spouses will result in decreases as the mortality rate reduces the number of beneficiaries.

We will continue to see significant activity among the beneficiaries who remain on the rolls. As the aging process causes increases in the severity of their disabilities, veterans will be reopening their claims based on increased severity, seeking entitlement to A&A and housebound benefits. Surviving spouses will also be eligible for these added benefits. This means that while the actual number of beneficiaries on the roll will drop, our workload will not decline in the same proportion.

The aging of the veterans population will result in slight increases in two of our other programs. We expect an increase in claims for burial and plot allowances. We also expect to see a rise of approximately 1000 claims in our Dependency and Indemnity Compensation program during FY 1985. DIC is the benefit paid to the surviving spouse and/or minor children of a veteran whose death is due to service connnected disabilities or who was in receipt of 100 percent disability compensation for a specified period.

3.

The Veterans Educational Assistance Program will have an increased workload this and next year based on our decision to require term-by-term attendance certifications for veterans in institutions of higher learning and due to the enactment of the Emergency Veterans' Job Training Program. Beginning with FY 1986, however, the workload will again decline, corresponding to the decrease in the number of trainees in the chapter 34 program. The survivors and dependents' program will also decrease slightly. Vocational Rehabilitation eligibility determinations and awards are expected to increase very slightly through FY 1986. Thereafter, a slight decline is expected.

I should point out, Mr. Chairman, that the workload projections that I have been discussing are based on several broad assumptions. These are:

- that the Nation will not be engaged in any major armed conflicts;

- that the estimated number of separations from the military service will remain relatively stable;

- that age-specific mortality rates for veterans will decline very slightly; and

- that the Administration's economic projections will materialize.

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4.

Any change in these basic assumptions could drastically affect our long-range plans and projections.

THE ADVISORY COMMITTEE ON FORMER PRISONERS OF WAR

Public Law 97-37 established the Advisory Committee on Former Prisoners of War for the purpose of reviewing existing programs and making recommendations to the Administrator on how to improve the VA's health care and benefits delivery systems with respect to former POW's. As mandated by PL 97-37, the Committee's first formal report was submitted to the Administrator in June 1983. This report was subsequently transmitted to the Congress together with the Agency's comments on the 21 recommendations it contained.

The Agency has worked closely with the Advisory Committee since its inception. A number of the Committee's proposals were implemented before the formal report was issued. Included in these early actions were the development of a new physical examination protocol, preparation and distribution of an instructional videotape entitled "A Flag for POW", and the issuance of a number of regulations and circulars on the handling of claims from former POW's.

Those recommendations in the Advisory Committee's report pertaining to DVB actions were designed to ensure that the special circumstances involved in the POW experience (the long-range effects of prolonged stress and deprivation; the lack

5.

of military medical records; etc.) were recognized by all individuals involved with benefit claims from former POW's. The recommendations that could be handled administratively were implemented as the Committee's discussions brought out the areas of concern.

In accordance with another Committee recommendation, on December 12, 1983, we inaugurated a toll-free, national telephone "hotline" for use by former POW's in requesting information or assistance in obtaining benefits. The hotline number, 800-821-8139, connects callers directly with the VA Central Office. The two available lines are staffed by veterans benefits counselors from the Washington Regional Office who have received special training in benefits and programs enacted for former prisoners of war. The regional office counselors are augmented by program analysts from the Veterans Assistance Service of the Department of Veterans Benefits. Callers receive personal responses between the hours of 8:00 A.M. and 4:30 P.M. (Eastern Time), Monday through Friday. A taping system for messages allows POW contact on a 24-hour basis, 7 days a week.

Over 5,100 calls were received between December 12, 1983, and May 25, 1984. Although the majority of the inquiries are resolved by personnel staffing the hotline, some issues require referral to medical center or regional office POW coordinators. These referrals are answered within five working days.

6.

The hotline supplements existing services provided by the special network of coordinators already in place at regional offices and DM&S facilities.

In response to a recommendation from the Advisory Committee we are developing a computer system for data collection and statistical report generation for POW claims and other special issues. The Target System will be used for data entry at the regional office level, and ad hoc reports as well as standard recurring statistical reports will be generated. Installation of this system is currently scheduled for September, 1984.

Among the recommendations which we could not implement administratively was one which specified that dysthymic disorder, also known as depressive neurosis, should be added to the list of diseases that may be presumed to be service connected. This recommendation was accomplished legislatively by the March 2, 1984, enactment of PL 98-223. Instructions for implementing this provision of law were provided the regional offices in DVB Circular 20-84-8, issued March 14, 1984.

7.

The VA's committment to improving programs for former POW's is exemplified by the Administrator's October 1983 letter to all VA employees, in which he urged greater understanding and attention to the needs of this special group of veterans. We have worked closely with the Advisory Committee in all areas where administrative action could be taken in response to Committee recommendations and our efforts in that regard will continue.

ANNUAL INCOME QUESTIONNAIRES

The basic purpose of the nonservice-connected pension program and the death compensation and dependency and indemnity compensation programs for parents is to provide income assistance based on need. Because income from all sources serves to reduce an individual's need, the law generally requires all income be counted to determine if need, as defined by law, is present and the amount of benefits that may be paid.

In order to assure that each beneficiary receives the proper rate of benefits, an income questionnaire is forwarded in November of each year to most recipients of need-based benefits. The questionnaire must be returned to the Veterans Administration for a detailed analysis of the beneficiary's income. On the basis of the information on the questionnaire, a determination is made as to whether the proper rate of payment was made for the current year and the appropriate rate for the next year is computed.

8.

In an effort to make the questionnaires easier to complete and less confusing to pension recipients, the 1983/84 income questionnaires were completely redesigned. The instruction sheets were expanded to full page forms and at the same time the information requests were simplified. Feedback from regional office personnel, service organizations, members of Congress, and claimants indicated that the redesigned forms were a helpful improvement over the questionnaires of the past.

A total of 1,727,904 pension and parent DIC recipients were sent questionnaires this year. This figure includes the Section 306 pension claimants over the age of 72, who in the past have been exempted from receiving the annual questionnaires. This group of "exempt" pensioners last received a questionnaire in the 1978-79 IQ year.

Approximately 100,000 benefit terminations due to income in excess of the statutory limit were processed during the 1983/84 AIQ season. I anticipate that an additional 25,000 cases will be terminated when final AIQ actions are processed.

As we informed you during last September's Oversight Hearing, we also plan to obtain income and dependency information this year from dependent parents in live and death compensation cases. Questionnaires will be sent and processed as a special project beginning this month.

9.

VALIDATION OF WORK MEASUREMENT AND QUALITY CONTROLS

The system currently used to measure the type and volume of work performed in our Adjudication Divisions has been in place for many years. We have decided that it's time we took a fresh look at this area and have initiated the formal process to solicit bids from private consultants for an in-depth study. Our Request for Proposal (RFP) specifies that the contractor is to "conduct a thorough and objective evaluation of the present work management system to determine its utility and effectiveness and, if necessary, recommend revisions or replacement which will assure a reliable system to accomplish the following:

a. Accurately measure the effectiveness of the operation of DVB field station activities;

b. Provide a valid methodology to determine and allocate present and future staffing requirements for budgetary purposes; and

c. Provide measures to assess performance against assigned productivity and/or effectiveness goals to hold managers accountable for performance."

The closing date for the Request for Proposal was June 6, 1984. Work required under this RFP must be completed within six calendar months after the award of the contract. If revision or

replacement of the work measurement system is recommended, the contractor will be required to provide plans and cost estimates for development and implementation of revisions to or replacement of the current system.

We will closely monitor the progress of the contractor throughout the study and will carefully evaluate the final recommendations before any changes are made.

We are also reviewing our Statistical Quality Control program, including the method by which we validate the quality reviews done by the personnel in the Adjudication Divisions in the regional offices. This area is one of the major items in our Internal Controls program and will be receiving a great deal of attention. As of this date, however, we have not decided what changes will be made in current procedures.

RECRUITMENT AND TRAINING PROSPECTS AND PROGRESS

Mr. Chairman, I only wish I was in a position to talk about recruiting. The fact of the matter is that we've lost over 2,600 FTE in DVB in the last four years and are facing loss of another 800 in the upcoming fiscal year. By a variety of measures we have managed to stretch this reduced workforce far enough to accomplish our basic missions. It's becoming increasingly clear, however, that if we continue to reduce staffing without taking compensatory measures, the timeliness and quality of our service to veterans and their families will suffer.

11.

One of the means we've used to counteract the erosion of our manpower is to stress the importance of training, both initially and for refresher purposes. Good training results not only in improved quality, but also in improved productivity. If you ensure that a job is done right the first time, you eliminate the time and effort required to redo it a second or third time.

We've made a major effort in the training of our rating specialists, who are responsible for disability evaluations. During January, February and March, 1983, we sent members of the Compensation and Pension Service to four different locations across the country to hold regional seminars on important rating issues. The 115 rating specialists who attended these seminars were selected not only for their rating expertise, but also for their ability to quickly assimilate the highly technical material presented and to effectively train other rating specialists. At the end of the seminar each participant returned to his or her regional office to teach fellow rating specialists the topics that had been presented at the seminar.

In the 3½ days allotted, we could not cover all of the necessary material in this vital subject area. Therefore, in February and March of this year we held a second round of regional seminars, bringing the original participants together for another 2½ days. This time the sessions were attended by the local representatives of several of the national service organizations, who had seen the results of the 1983 seminars and specifically asked to be allowed to attend this second set.

12.

The feedback concerning this training, both from regional office management and from national service organizations, has been extremely positive. We feel that we've made great progress in improving the quality of rating decisions and ensuring the uniformity of rating actions.

Another aspect of DVB training is the annual conferences we hold for the chief operating officers of the various Divisions within our regional offices. We have found these meetings an excellant means of conveying information to these individuals. The meetings also have the advantage of providing a venue for the exchange of ideas between stations, many of which result in more efficient and effective management. We plan to continue these conferences.

Our various training programs and conferences must also reach another important strata in the Adjudication Division, that is the Assistant Adjudication Officer. The Assistant A.O. occupies a significant position in our regional office chain of command, with substantial management and supervisory responsibilities. We have decided to hold a two-day conference in September to provide these individuals with formal training in different aspects of their management and internal controls responsibilities. We anticipate that this meeting will provide us with an opportunity to tap a new source of ideas and view points.

13.

TARGET OPERATIONS

Mr. Chairman, we have acquired or plan to acquire several pieces of computer equipment and computer software that significantly increase the power and efficiency of the Target System. However, rather than take the time to describe these in detail, with your permission, I'd like to submit for the record a short report which discusses these technical improvements. This will allow me to spend more time discussing those changes in the Target System which impact directly on the processing which takes place in the regional offices.

The latter part of 1983 saw the implementation of several improvements in the Target System. Accrued award processing and diary controls processing were installed, as was the ability to process corrections to almost all correctable fields in the computer master records. In addition, the master record format for the compensation and pension payment system was expanded, giving us the capacity to retain data on multiple types of retirement income and the ability to indicate whether the reported amounts of income from Federal sources have been verified by the administrating agency.

In 1984 we will see the upgrading of Target's printing capacity to allow the generation of formal award forms. These forms will be filed in the claims folder and will be easier to read than the current format. Installation in three regional offices is scheduled for this summer. After a short evaluation period, the

14.

process will be expanded to all of the regional offices in the Eastern Region. After another short evaluation period, the remainder of the country will be given this capability. It is expected that nationwide dedicated printing will be operational by December 1, 1984.

Two major steps will be taken this year toward the eventual elimination of Sycor input. Currently the Manila Regional Office is creating Sycor diskettes and mailing them to the Hines Data Processing Center in order to update the computer master records for their beneficiaries. Maintenance problems with the aging Sycor terminals has made this a very tenuous operation. To relieve this problem, arrangements have been made for Manila Regional Office transactions to be introduced into the Target System via a terminal located in the Cheyenne Regional Office. We anticipate that this new procedure will be in place this October. Payment authorizations for Manila cases will continue to be processed through the State Department computer system that was set up in 1983 following the closing of the Manila Treasury Disbursing Center.

Later this year Sycor usage in all regional offices will be greatly reduced by implemenation of programming changes which will permit the processing of fiscal transactions via the Target terminals. In 1985 we hope to make improvements that will completely eliminate the need for Sycor input. These improvements will allow us to use the Target System to process

15.

stand-alone ratings, dependency transactions, change of file number transactions, and corrections to master records fields.

The most significant software change scheduled for 1985 is the expansion of Target's ability to automatically generate awards. When the new programming is implemented, submission of only the changed information will result in the automatic generation of awards in currently running cases. Original and reopened improved pension award will also be generated. These advancements are scheduled for installation in June 1985.

DIC STUDY

By a letter dated August 15, 1983, the Disabled American Veterans asked that the VA do a study of the DIC benefit program for surviving spouses. This Committee also received requests for such a study from several other service organizations. When this interest was conveyed to us, members of the Compensation and Pension Service met with staff members from this Committee and from the Senate Veterans' Affairs Committee to discuss the general outline that a study of DIC should follow. On September 1, 1983, the Deputy Administrator signed a response to the original DAV letter agreeing to conduct a DIC study.

16.

Under a mandate imposed by P.L. 94-433, a study of DIC was conducted by the VA in 1977. That study collected extensive background information on surviving spouses which is still reasonably current and will be the basis for the new study. The 1977 study did not extensively review the composition of the eligible survivors nor analyze new cases. The current study will cover these factors.

Regional offices were instructed to accumulate and report certain data from all original DIC claims they handled between December 1, 1983, and February 29, 1984. We are now in the process of analyzing this data. We will furnish a final report on this study later this year.

Mr. Chairman, this concludes my prepared remarks. I will be pleased to answer any of the Committee's questions.

17.

REPORT ON ACQUISTIONS OR PLANNED ACQUISTIONS OF EQUIPMENT AND SOFTWARE FOR THE TARGET SYSTEM

Early this fiscal year each of the five host computers in the system were upgraded from Honeywell Level 66 processors to Honeywell DPS 8/70 processors. This equipment upgrade almost doubled the processing power of each host computer, and provided a platform for further technological enhancements to the system. In addition, the main memory of each host computer was replaced with more technologically advanced memory; and was added to, so that each host computer now has six megabytes of main memory instead of four. These equipment upgrades were accomplished without inconvenience to Regional Office users. The additional processing power of each host computer resulted in improved performance of the online CP&E application, and allowed new record peak workloads for online AIQ and spring reenrollment to be processed without degraded response time to the Regional Offices.

These recent equipment upgrades allow us to migrate to more advanced Honeywell host executive software. The present host operating system will be replaced this summer with Honeywell's GCOS 8 operating system. Aside from numerous improvements in internal efficiency, GCOS 8 will offer a wide range of new functions: (1) an active data dictionary for the improved management of our data base files, (2) the Personal Data Query (PDQ) facility to allow timesharing access and manipulation of management decision-support data bases, (3) support for any make

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of peripheral device compliant with the Federal input/output (I/O) interface standard, and (4) support for Honeywell's Datanet 8 front-end network processor and associated Distributed Network Supervisor (DNS) communications software.

In concert with GCOS 8, the transaction processor (TP) executive software is being replaced with Honeywell's TA4 version of TP. TA4 will provide opportunities to employ standard data communications protocols between the host computers and remote distributed terminal systems, and might consequently open gateways to our online applications from sources other than dedicated terminal systems, for example, from a teletype terminal. This flexibility may improve the competition of some future equipment acquisitions.

Our fiscal year 1984 acquisition plans include the following equipment initiatives. We are acquiring an additional two megabytes of main memory for each host computer to balance the main memory on the two system control units (SCU's). There is presently an imbalance of main memory on the two SCU's. The imbalance presents several problems with regard to processor efficiency and operational flexibility. We are acquiring a Datanet 8 front-end network processor and DNS software for the Chicago Development System (CDS) host computer. The Datanet 8 will allow us to size front-end network processor hardware configurations, through real world performance benchmarks, in preparation for the acquisition of Datanet 8's for all host

19.

computers during fiscal year 1985. The Datanet 8 will also expedite our exploration of the use of other data communications protocols in conjunction with the TA4 transaction processor executive software. We are acquiring highspeed modems for the five Regional Offices with the greatest online workloads to prevent communications circuit bottlenecks during peak workload seasons. We are acquiring additional programmer timesharing terminals for the Hines Data Processing Center to improve application development productivity. Finally we are replacing the existing protocol conversion units that provide a communications interface between our host computers and the BIRLS system with more technologically advanced more easily maintained equipment. Our fiscal year 1985 acquisition plans include the following equipment initiatives. We are acquiring Datanet 8 front-end network processors for each host computer to provide the greater communications flexibilities discussed beforehand. We are acquiring additional disk storage for the Hines Data Processing Center to accommodate the growth of CP&E data bases and to provide greater operational flexibility for the batch CP&E system.

The above hardware and software initiatives will continue to prevent the system from becoming technologically or functionally obsolete. Although the existing Honeywell maintenance contract for the host computer and terminal system equipment expires in September 1986, the Agency will effect actions to ensure the continued operation of the system beyond that date. Toward that

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end, the Agency will secure this fiscal year a consultant services contract for the detailed analysis and evaluation of alternatives available to the Agency for the continued operation of the system.

PARALYZED VETERANS OF AMERICA

CHARTERED BY THE CONGRESS OF THE UNITED STATES

STATEMENT OF

R. JACK POWELL, EXECUTIVE DIRECTOR

PARALYZED VETERANS OF AMERICA

BEFORE

THE SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE

OF THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

CONCERNING

THE VA COMPENSATION, DEPENDENCY AND INDEMNITY COMPENSATION, AND

AUTOMOTIVE ADAPTIVE EQUIPMENT PROGRAMS

JUNE 14, 1984

Mr. Chairman and Members of the Subcommittee, it is a pleasure for me to appear today and present the views and concerns of Paralyzed Veterans of America regarding the various Veterans Administration programs being addressed here today. My testimony will be limited to three programs administered by the VA, compensation, dependency and indemnity compensation (DIC) and automotive adaptive equipment. I am R. Jack Powell, Executive Director of PVA.

Initially, I want to extend PVA's appreciation to the Chairman of this Subcommittee, the Honorable Douglas Applegate, to the Members and to the staff of this Subcommittee for their cooperative working relationship with

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PVA and their ongoing efforts to improve these most important programs which directly affect our members.

The VA Compensation Program

PVA has always supported a viable compensation program to care for service-connected disabled veterans and their families. Compensation is for many of PVA's members extremely important, because for many catastrophically disabled veterans, it remains their primary source of income. Therefore, compensation benefits should be adjusted each year to offset erosion caused by inflation.

It is PVA's position that annual increases in compensation rates must be commensurate with increases in the Consumer Price Index. This year the Senate has recommended an increase of 4.7 percent based on their economic assumptions. This Subcommittee and the full House Committee on Veterans' Affairs have recommended a 4.3 percent increase based on their projections. We cannot determine which of the two proposed rates of increase is most correct, we only ask that during your considerations that the most current economic conditions be assessed and that veterans be protected from the destructive effects of inflation. We again would like to thank you, Mr. Chairman and Members of this Subcommittee for providing, as agreed to last year, that the effective date of increases be December 1, 1984.

One area about which PVA is concerned, regarding the compensation program, is the time delay in receiving the necessary documentation to process initial claims. We have received information that there is a delay in the VA of up to 6-9 months in receiving service records.

PVA is distressed with this delay, which causes undue hardship in some cases for our nation's veterans and would like to see steps taken in order to insure that such delays do not occur. We would like to see the VA, working with the Department of Defense, establish procedures for expediting these necessary documents in a timely manner so veterans' claims for service-connected compensation can be promptly adjudicated.

Regarding the Dependency and Indemnity Compensation (DIC) Program, which cares for the service-connected disabled veterans' survivors, we remain discontented by the awarding of DIC benefits based on military pay grade rather than on the veteran's degree of disability.

PVA understands the rationale for awarding benefits based on military pay grade when a serviceman dies while in active military service. However, when service-connected disabled veterans die from service-connected causes years after termination of their military service, we believe, and have testified for years, that there is little or no correlation for using military pay grade as the basis for computing the DIC benefit for a surviving spouse.

It is well recognized that the cost of continuous attendant care can greatly exceed the maximum aid and attendance allowance (A&A) given for service-connected disabilities. Therefore, very often the surviving spouse of a severely disabled veteran has provided extensive care to the veteran because of his service-connected disability.

The result is that despite a helpful A&A allowance, the spouses of service-connected disabled veterans often must provide daily time-consuming

The result is that despite a helpful A&A allowance, the spouses of service-connected disabled veterans often must provide daily time-consuming services which these veterans cannot obtain or provide for themselves. Spouses' services produce great savings for the government in situations where, without the spouses' assistance, veterans otherwise would require institutional care. The savings reflected by in-home care provided by the spouse cannot be overemphasized, when considering the astronomical cost of medical care today.

Most veterans, especially those who served in wartime, were not carreerists but were citizen soldiers who simply answered their nation's call to duty. Consequently, the majority of veterans served in the lower military pay grades, where debilitating injuries were most prevalent. Basing DIC on military pay grade, not on the degree of disability, therefore leaves many surviving spouses with inadequate benefits. This happens despite the service rendered to the nation, both by the veteran and by the surviving spouse who had assisted the veteran in living a meaningful life, free from costly institutions.

Upon becoming widowed, a surviving spouse who receives DIC may be willing to seek employment, but in many cases she would not have marketable skills (due to the constant care that she provided the veteran until his death). In addition, the spouse often must seek employment at an unrealistic and most difficult time in life, a time when others of comparable age are beginning their retirement.

PVA proposes that DIC benefits awarded to a surviving spouse be established at 75 percent of the deceased veteran's monthly compensation rate. It should be remembered that this formula for computing DIC benefits would not contain any portion paid to the veteran for aid and attendance.

PVA must emphasize that present beneficiaries must not be harmed by any amendment of the DIC program. That is, existing beneficiaries should be "grandfathered" under the current law, if it is not to their benefit to elect DIC payments under a new rate structure.

The VA Automotive Adaptive Equipment Program

Finally, Mr. Chairman, the last issue PVA would like to address this morning is the automotive adaptive equipment program. H.R. 3900, which amends Section 1903(c) of Title 38, United States Code, has been incorporated in H.R. 5688 and reported by the full Committee. This legislative proposal is an attempt to liberalizes the Veterans Administration Automotive Adaptive Equipment program. PVA supports the intent of this legislation, but feels that it falls short of its intended purpose to provide eligible veterans available, dependable transportation.

The need for adaptive equipment for automobiles or other vehicles is essential if the most seriously disabled veterans are to achieve their basic transportation needs. Paralyzed Veterans of America can most readily attest to this since all of our members are catastrophically disabled and most depend on some type of automotive adaptive equipment appliance for their vehicle.

The provision of H.R. 5688 regarding automotive adaptive equipment, fail to consider the needs of unmarried veterans. Mr. Chairman, whether veterans are married, single or separated, we cannot overemphasize the importance of a dependable properly equipped vehicle for catastrophically disabled veterans. In our automobile oriented society, reliable transportation is the key to independence. An automobile breakdown is an inconvenience for most citizens who must then rely on public mass transportation, the use of a second vehicle, or the assistance of others for conveyance. For most catastrophically disabled veterans, an automobile breakdown results in the veteran being stranded with no alternative means of transportation available. Public mass transit systems for the most part, are inaccessible; under existing law, no second vehicle is available for use, and vehicles of others are not equipped for operation and, in most cases, even preclude entry.

PVA's recommendation is that a veteran be eligible to obtain two vehicles in a three-year period and that the veteran be eligible to own two vehicles with VA-provided adaptive equipment at the same time. This proposal, which is contained in S. 2514 and which PVA strongly supports, would ensure the veteran (regardless of marital status), of having dependable transportation with the additional safeguard of providing him a necessary backup vehicle in the event that the primary vehicle is temporarily inoperable.

Our recommendation of two vehicles in a three-year period would go far in reaching the goal of a more tightly controlled program while still insuring the veteran a reasonable option for maintaining a reliable vehicle. Secondly, our proposal would provide the veteran the opportunity to maintain a backup means of transportation. Realizing that the Veterans Administration

has an investment in the installed equipment, we suggest that if the vehicle is less than three years old that the veteran have the option of maintaining the vehicle by purchasing the equipment at its depreciated value. If the vehicle is three years old or older, then the veteran should be able to keep the equipment at no charge, and, in either case, he would be afforded a necessary backup vehicle.

Hopefully, Mr. Chairman and Members of the Subcommittee, you will consider these proposals and recognize their merit in assuring catastrophically disabled veterans necessary, dependable transportation.

Mr. Chairman, Paralyzed Veterans of America is grateful for the efforts that have gone into conducting this hearing today. We appreciate the concern for the nation's veterans which is held by you, by Members of the Subcommittee, and by this Subcommittee's capable and cooperative staff. This concern has been revealed here, today, by the willingness to address and examine these various programs for catastrophically disabled veterans, their survivors and dependents.

Mr. Chairman and Members of the Subcommittee, on behalf of the members of PVA, I appreciate your invitation to present our views and recommendations and your attentiveness to the concerns which I have expressed during this presentation. This concludes my statement, and I will be glad to answer any questions that I can.

THE
RETIRED
OFFICERS
ASSOCIATION
201 N. Washington St., Alexandria, VA 22314 • (703) 549-2311

Statement of

THE RETIRED OFFICERS ASSOCIATION

before the

UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON VETERANS' AFFAIRS

Subcommittee on Compensation, Pension and Insurance

Presented by

COMMANDER JOHN F. WANAMAKER, USN, RETIRED

Deputy Director, Legislative Affairs

June 14, 1984

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE

I AM COMMANDER JOHN F. WANAMAKER, UNITED STATES NAVY, RETIRED, DEPUTY DIRECTOR LEGISLATIVE AFFAIRS OF THE RETIRED OFFICERS ASSOCIATION (TROA) WHICH HAS ITS NATIONAL HEADQUARTERS AT 201 NORTH WASHINGTON STREET, ALEXANDRIA, VIRGINIA. OUR ASSOCIATION HAS A MEMBERSHIP OF OVER 335,000, FORMER AND ACTIVE DUTY OFFICERS OF THE SEVEN UNIFORMED SERVICES.

I WANT TO THANK THE MEMBERS FOR PROVIDING ME THIS OPPORTUNITY TO PRESENT THE VIEWS OF THE RETIRED OFFICERS ASSOCIATION ON ISSUES WITHIN THE RESPONSIBILITY OF THIS SUBCOMMITTEE.

BACKGROUND

THESE OVERSIGHT HEARINGS ARE ESPECIALLY IMPORTANT, BECAUSE AS WE MEET HERE TODAY, HOUSE/SENATE CONFEREES ARE MEETING TO AGREE UPON THE FIRST CONCURRENT BUDGET RESOLUTION WHICH WOULD ESTABLISH REVENUE AND SPENDING LEVELS FOR THE NEXT THREE FISCAL YEARS THROUGH 1987. LANGUAGE INCLUDED IN THAT RESOLUTION COULD RESULT IN MAKING BINDING SPENDING LEVELS FOR BUDGET FUNCTION 700 (VETERANS BENEFITS AND SERVICES). THERE IS ONLY ONE MEMBER OF THIS COMMITTEE AMONG THOSE CONFEREES AND NONE FROM THE SENATE COMMITTEE ON VETERANS' AFFAIRS.

MY POINT IN BRINGING THIS OUT IS THAT WHEN BUDGET RESOLUTIONS AND OMNIBUS BUDGET RECONCILIATION BILLS CONTROL THE LEVEL OF BENEFITS TO THE VETERANS DISABILITY COMPENSATION PROGRAM AND TO DEPENDENCY AND INDEMNITY COMPENSATION PROGRAM THEN ITS TIME THAT THE MEMBERS OF THIS COMMITTEE STAND UP AND SAY "ENOUGH IS ENOUGH". WE HAVE BEEN HEARING OVER AND OVER FROM THE BUDGET CUTTERS THAT NON-MEANS TESTED ENTITLEMENT PROGRAMS NEED TO BE REDUCED. THE DISABILITY COMPENSATION AND DEPENDENCY AND INDEMNITY COMPENSATION ARE TWO SUCH PROGRAMS WHICH NEVER WERE INTENDED TO BE A MEANS TESTED PROGRAM. THEY WERE DEVELOPED OVER THE YEARS TO REPLACE THE LOST INCOME OF VETERANS DUE TO DISABILITIES, AND TO REPLACE THE INCOME OF THE SURVIVORS OF THOSE WHO DIED WHILE IN THE SERVICE OF THEIR COUNTRY. DELAYS OR CAPS TO THE MECHANISM TO MAINTAIN THE PURCHASING POWER OF THESE PROGRAMS THAT ARE IMPOSED BY BUDGET RESOLUTIONS OR RECONCILIATION EFFORTS WITHOUT THOROUGH CONSIDERATIONS BY THIS COMMITTEE, AND IT'S COUNTERPART IN THE SENATE, SHOULD NOT BE TOLERATED. THE AMERICAN PEOPLE HAVE, SINCE OUR NATION WAS ESTABLISHED, ATTEMPTED TO PROVIDE FOR ITS DISABLED VETERANS AND THE DEPENDENTS OF THOSE WHO GAVE THEIR LIVES IN THE DEFENSE OF THIS COUNTRY. I DON'T BELIEVE THAT THE AMERICAN TAXPAYERS NOW DESIRE THAT THE BASIC PRINCIPLE OF REPLACING THE LOST INCOME OF DISABLED VETERANS OR THEIR DEPENDENTS BE RADICALLY CHANGED. BUDGET PROPOSALS TO REDUCE FUTURE VETERANS' COMPENSATION AND OTHER NON MEANS TESTED

PROGRAMS BY CPI-2, CPI-3 OR 60 OR 75 PERCENT OF THE INCREASE IN CPI AMOUNTS OVER THE FIRST $10,000 OF ANNUAL INCOME VIOLATE THE BASIC FOUNDATION ON WHICH THESE PROGRAMS WERE BUILT. THIS COMMITTEE MUST INSURE THAT SUCH RADICAL PROPOSALS ARE NOT ALLOWED TO PREVAIL.

DISABILITY COMPENSATION

THE DISABILITY COMPENSATION PROGRAM IS THE LARGEST BENEFIT PROGRAM ADMINISTERED BY THE VETERANS ADMINISTRATION. I WANT TO COMMEND THIS COMMITTEE FOR HOLDING THESE OVERSIGHT HEARINGS, TO INSURE THAT THE CURRENT PROGRAMS ARE ACCOMPLISHING THE PURPOSE FOR WHICH THEY WERE INTENDED, BUT ALSO TO INSURE THAT THE TAXPAYER'S DOLLARS ARE BEING BEST UTILIZED TO MEET THE REQUIREMENT OF PROVIDING DISABLED VETERANS COMPENSATION FOR LOSS OF POTENTIAL EARNINGS.

THE PURPOSE OF THE VETERAN'S DISABILITY COMPENSATION PROGRAM IS TO PROVIDE RELIEF FROM THE IMPAIRED EARNING CAPACITY DUE TO DISEASE OR INJURIES RESULTING FROM MILITARY SERVICE. THE CURRENT DISABILITY COMPENSATION HAS SERIOUS FLAWS WHICH I WOULD LIKE TO BRING TO THE ATTENTION OF THIS SUBCOMMITTEE FOR CONSIDERATION.

FIRST, THE BASIC RATES OF DISABILITY COMPENSATION ARE INADEQUATE. THE RATINGS ACCORDING TO SECTION 355 ARE TO "BE BASED, AS FAR AS PRACTICABLE, UPON THE AVERAGE IMPAIRMENTS OF EARNING CAPACITY RESULTING FROM SUCH INJURIES IN CIVILIAN OCCUPATIONS." I WOULD CALL

THE COMMITTEE'S ATTENTION TO A COMPARISON TO THE GOVERNMENT'S RANGE OF COMPENSATION FOR IT'S CIVILIAN EMPLOYEES. THE MONTHLY RATE OF COMPENSATION UNDER SECTION 8110 TITLE 5 USC MAY NOT BE MORE THAN 75 PERCENT OF THE MONTHLY PAY OF THE MAXIMUM RATE OF BASIC PAY FOR GS-15 AND IN THE CASE OF TOTAL DISABILITY MAY NOT BE LESS THAN 75 PERCENT OF THE MONTHLY PAY OF THE MINIMUM RATE OF BASIC PAY FOR GS-2 OR THE AMOUNT OF THE MONTHLY PAY OF THE EMPLOYEE, WHICHEVER IS LESS. THESE RATES WOULD CURRENTLY BE $4082/MONTH AND $637.00/MONTH. I WOULD SUGGEST, FROM THIS THAT THOSE MILITARY EMPLOYEES THAT RECEIVE THE PAY EQUAL TO THE GS-15 AND ARE TOTALLY DISABLED SHOULD RECEIVE THE SAME OR SIMILAR COMPENSATION WHICH IS 66 2/3 PERCENT OF THEIR MONTHLY PAY. THE MILITARY VETERAN EMPLOYEE WOULD RECEIVE $1,213 OR LESS THAN HALF AS MUCH. THIS SINGLE COMPARISON OF THE TOTAL DISABILITY RATINGS BETWEEN VETERANS AND CIVILIANS IS SUFFICIENT FOR THE COMMITTEE TO TASK THE ADMINISTRATION TO DEVELOP A COMPARISON FOR ALL PERCENTAGES OF DISABILITY RATINGS. I MAINTAIN THAT SHOULD THE MILITARY EMPLOYEE BE AN AVIATOR, NUCLEAR ENGINEER OR MEDICAL OFFICER THAT SUCH SPECIALIZED SKILLS AND OTHER EDUCATIONAL ACCOMPLISHMENTS SHOULD BE CONSIDERED WHEN MAKING COMPENSATION DETERMINATIONS.

I BELIEVE THAT THE MEMBERS OF THIS COMMITTEE SHOULD INSURE THAT SERVICE CONNECTED DISABLED VETERANS RECEIVE AT LEAST AS FAVORABLY COMPENSATION AS THAT PAID TO A DISABLED FEDERAL CIVILIAN EMPLOYEE

WITH SIMILAR EARNINGS.

I STRONGLY URGE THE COMMITTEE TO REVIEW THE WORDING IN SECTION 355 OF TITLE 38 AND SUGGEST THAT THE VAGUE TERM "AVERAGE IMPAIRMENTS OF EARNING CAPACITY" DOES NOT MEET VETERANS' REQUIREMENT FOR DISABILITY COMPENSATION. IT'S VERY PROBABLE THAT THE STATUTE REQUIREMENT THAT DISABILITIES BE RATED IN PERCENTAGES DOES NOT PROVIDE THE VETERANS ADMINISTRATION ADMINISTRATOR ENOUGH FLEXIBILITY IN MAKING COMPENSATION DETERMINATIONS. WHEN ONE ATTEMPTS TO PROVIDE PROPER COMPENSATION FOR PERSONS DISABLED, ONE MUST CONSIDER THE INDIVIDUAL DIFFERENCES OF EARNING CAPABILITY LOST; SUCH AS BETWEEN A PRIVATE AND SKILLED MEDICAL OFFICER. A SINGLE PERCENTAGE RATE WILL NOT SATISFY THIS DIFFERENCE.

CONCURRENT RECEIPT

MR. CHAIRMAN, THERE EXISTS ONE GROUP OF VETERANS THAT ARE NOT ADEQUATELY COMPENSATED FOR SERVICE CONNECTED DISABILITIES. THE GROUP TO WHICH I REFER ARE THOSE VETERANS WHO HAVE SERVED 20 OR MORE YEARS AND WHO HAVE BECOME RETIREMENT ELIGIBLE FOR YEARS OF SERVICE. IF THEY SHOULD BECOME DISABLED ON ACTIVE DUTY, THESE VETERANS WOULD RECEIVE THE GREATER OF THE DISABILITY RETIRED PAY OR RETIRED PAY BASED ON YEARS OF SERVICE. THE LENGTH OF SERVICE RETIREE WHO IS ALSO DISABLED MUST IN EFFECT PAY FOR HIS OWN DISABILITY

COMPENSATION. HE MUST FORFEIT AN EQUAL AMOUNT FROM HIS RETIRED PAY FOR YEARS OF SERVICE -- IN ORDER TO RECEIVE THE VA DISABILITY COMPENSATION. VETERANS DISABILITY COMPENSATION IS PAID TO REPLACE FUTURE EARNINGS LOST BECAUSE OF DISEASE OR ILLNESS ATTRIBUTED TO MILITARY SERVICE. MILITARY RETIRED PAY FOR LONGEVITY, ON THE OTHER HAND, HAS NO CONNECTION WITH DISEASE OR INJURY. THE PAYMENTS ARE FOR TWO COMPLETELY DIFFERENT CIRCUMSTANCES AND SHOULD BE PAID CONCURRENTLY. AN INEQUITY OCCURS WHEN A CIVIL SERVICE EMPLOYEE VETERAN CAN RECEIVE VA DISABILITY COMPENSATION WHILE EMPLOYED AND ALSO WHILE IN RETIREMENT WITHOUT A REDUCTION IN EITHER ANNUITY. HE CAN EVEN USE HIS YEARS OF MILITARY SERVICE FOR CREDIT TOWARD HIS CIVIL SERVICE RETIREMENT. I ASK YOU, MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, "WHERE IS THE BASIS FOR FAIR AND EQUAL COMPENSATION FOR INJURIES IN THESE SITUATIONS?" I STRONGLY URGE THIS SUBCOMMITTEE TO FAVORABLY CONSIDER LEGISLATION CURRENTLY BEFORE THIS COMMITTEE TO CORRECT THIS INEQUITY.

UNEMPLOYMENT COMPENSATION

AS OF APRIL 1, 1980, THE VARIOUS STATES, IN ORDER TO MEET THE FEDERAL APPROVAL OF THEIR UNEMPLOYMENT COMPENSATION SYSTEMS, REDUCED UNEMPLOYMENT COMPENSATION BY THE AMOUNT AN INDIVIDUAL RECEIVES IN OTHER RETIREMENT INCOME. THIS OTHER INCOME INCLUDES PERIODIC PAYMENTS RECEIVED AS MILITARY DISABILITY RETIRD PAY AND VETERANS'

DISABILITY COMPENSATION. THIS FEDERAL LAW HAS NOW BEEN AMENDED TO ALLOW STATES THE OPTION TO OFFSET THE UNEMPLOYMENT COMPENSATION FOR THOSE RECEIVING RETIREMENT INCOME. MOST STATES STILL REQUIRE AN OFFSET BY RECEIPT OF VA DISABILITY COMPENSATION. I MAINTAIN THAT THIS COMPLETELY REFUTES THE INTENTION OF THE CONGRESS IN PROVIDING THE DISABILITY COMPENSATION. I STRONGLY URGE THIS SUBCOMMITTEE TO FAVORABLY CONSIDER LEGISLATION TO CORRECT THIS ANOMALY.. I BELIEVE THAT VA DISABILITY COMPENSATION SHOULD BE JUST THAT, AND SHOULD NOT BE THE BASIS FOR REDUCTION IN OTHER FEDERAL OR STATE ENTITLEMENTS TO WHICH THEY MAY OTHERWISE IS ELIGIBLE.

DEPENDENCY AND INDEMNITY COMPENSATION

MR. CHAIRMAN, I WILL NOW ADDRESS THE DEPENDENCY AND INDEMNITY COMPENSATION (DIC) PROGRAM. THIS PROGRAM PROVIDES BENEFITS TO THE SURVIVORS OF MEMBERS OR FORMER MEMBERS WHOSE DEATH OCCURS ON ACTIVE DUTY OR AS A RESULT OF A SERVICE CONNECTED DISABILITY. THE MONTHLY RATES PAID TO A SURVIVING SPOUSE ARE BASED ON THE PAY GRADE OF THE SERVICE MEMBER AT THE TIME OF DEATH OR RELEASE FROM MILITARY SERVICE. I RECOMMEND THAT THE BENEFIT SCHEDULE BE TRULY INCREASED, AS NECESSARY, TO REASONABLY INSURE THE MAINTENANCE OF THE SURVIVORS' STANDARD OF LIVING EXISTING AT THE TIME OF DEATH OF THE SERVICEMEMBER. OUR NATION HAS A LONG OUTSTANDING RECORD IN PROVIDING BENEFITS TO THE SURVIVORS OF THOSE WHOSE HUSBANDS AND

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FATHERS MAY HAVE GIVEN THEIR LIVES IN THE SERVICE OF THEIR COUNTRY. FOR THIS, OUR NATION AND THIS COMMITTEE, IN EXERCISING ITS RESPONSIBILITIES IN THIS REGARD, CAN BE JUSTLY PROUD.

TO ESTABLISH THE INCOME LEVEL EXISTING AT TIME OF DEATH, THE CURRENT BASIC PAY SCHEDULE SHOULD BE REPLACED BY THE AMOUNT OF BASIC MILITARY COMPENSATION OR BMC. THIS MORE ACCURATELY REFLECTS TRUE INCOME AND IS COMPARABLE TO CIVILIAN EMPLOYEES SALARY. THE RECOMMENDED AMOUNT OF DEPENDENCY AND INDEMNITY COMPENSATION SHOULD BE FIFTY PERCENT OF BMC. FIFTY PERCENT OF SALARY IS AN ACCEPTED REPLACEMENT LEVEL FOR FEDERAL CIVILIAN EMPLOYEES WHO SUFFER A JOB RELATED DEATH. THE COMPENSATION FOR THE DEPENDENT OF MILITARY SERVICEMEMBERS SHOULD NOT BE LESS. CURRENT DIC IN CERTAIN INSTANCES (I.E. WIDOW OF AN 05 WITHOUT CHILDREN) REPLACES LESS THAN 18 PERCENT OF THE PRE DEATH INCOME. THIS AMOUNT WOULD BE INSUFFICIENT TO MAKE THE MORTGAGE PAYMENTS IN MOST CASES.

TERMINATION OF DIC BENEFITS UPON REMARRIAGE

UNDER OTHER FEDERAL PROGRAMS (SOCIAL SECURITY AND THE FEDERAL EMPLOYEES COMPENSATION PROGRAM) BENEFITS ARE PAYABLE UNTIL DEATH, OR REMARRIAGE IF THE BENFICIARY IS UNDER AGE 60.

THE CIVIL SERVICE SURVIVING WIDOW CAN RECEIVE THE BENEFIT UNTIL DEATH OR UNTIL SHE REMARRIES BEFORE REACHING AGE 60. I RECOMMEND

THAT THE CONGRESS AUTHORIZE SURVIVING WIDOWS, WHO ARE RECEIVING BENEFITS UNDER THE DIC PROGRAM, TO CONTINUE TO RECEIVE THESE BENEFITS IF THEY SHOULD REMARRY AFTER AGE 60. OTHER FEDERAL PROGRAMS SUCH AS SOCIAL SECURITY, MILITARY SURVIVORS BENEFIT PLAN AND THE CIVIL SERVICE SURVIVORSHIP ANNUITY PLAN HAVE BEEN MODIFIED TO PREVENT THE NECESSITY FOR THESE OLDER BENEFICIARIES FROM "LIVING IN SIN". I URGE YOU TO PROVIDE THE SAME CONSIDERATION FOR THE DIC WIDOWS. THE COSTS OF SUCH A PROPOSAL WOULD BE MINIMAL.

COST OF LIVING ADJUSTMENTS (COLA)

THE CONGRESS HAS PERIODICALLY INCREASED THE RATES OF THE VA COMPENSATION PROGRAMS TO REFLECT CHANGES IN THE CONSUMER PRICE INDEX (CPI). THIS PROCEDURE SHOULD BE CONTINUED BECAUSE I HAVE FAITH IN THE AMERICAN PEOPLE, EXPRESSED THROUGH FUTURE CONGRESSIONAL ACTION THAT THE DISABLED VETERANS AND THE SURVIVING DEPENDENTS, OF THOSE WHO GAVE THEIR LIVES IN THE DEFENSE OF THIS COUNTRY, WILL BE PROPERLY COMPENSATED FOR THEIR LOSSES.

I AGAIN WANT TO THANK THE COMMITTEE FOR ALLOWING ME TO PROVIDE THE VIEWS OF THE RETIRED OFFICERS ASSOCIATION ON THESE IMPORTANT MATTERS. I WILL BE GLAD TO PROVIDE ANSWERS TO ANY FURTHER QUESTIONS THAT YOU MAY HAVE.

THE NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

"STRENGTH IN UNITY"

Statement of

CHARLES R. JACKSON
NATIONAL VETERANS SERVICE DIRECTOR

Before the

SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

on

COMPENSATION PROGRAMS OVERSIGHT

June 14, 1984

NATIONAL CAPITAL OFFICE
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Mr. Chairman: I am Charles R. Jackson, National Veterans Service Director for the Non Commissioned Officers Association of the USA. Please accept my thanks for allowing me to appear today to present the views of the more than 250,000 associated members of NCOA on several areas of compensation oversight. Among the issues concerning NCOA are the structure of the DIC program and concurrent receipt of military retired pay and disability compensation. However, before engaging in a discussion of these issues, let me acquaint the committee with the Association's veterans service program.

Since it was recognized as an accredited veterans service organization by the Administrator of Veterans Affairs in February 1980, NCOA has strived to provide the best possible service to veterans seeking assistance. Our 86 service officers have assisted veterans in the filing of thousands of claims during the past four years. The Association is now capable of providing veterans' services in more than forty locations serving ten states and the District of Columbia. We are proud of our program and our service officers and are continually striving to expand our services to other areas of the nation.

During the past several years representatives of the Non Commissioned Officers Association of the USA have appeared before this committee and its Senate counterpart a number of times to request a reorganization of the DIC program. The position of the association has not changed, nor has the reasoning behind our position.

DIC payments are the only VA benefit stratified on the rank the deceased veteran held at the time of discharge from service or at the time of death if the veteran died while in service. Yet, DIC payments bear no relationship to either military pay or the amount of disability compensation paid to the veteran prior to death., In fact, NCOA has tried to determine a logical basis for the amount of payments currently given to survivors but can find none. At one time DIC payments bore some relationship to military pay by design. The current system was structured to replace a portion of military pay and was weighed to provide a larger percentage of pay to the survivors of enlisted personnel. The system has never been related to disability payments, the type or degree of disability suffered by the veteran, the length of time the veteran was disabled or the manner in which the disability was incurred.

The real travesties of the DIC program can best be illustrated by a few examples:

> Two soldiers, one a corporal the other a colonel, are permanently and totally disabled in a common action. During their lifetime each receives $1,255 in monthly compensation payments. After their death the colonel's widow/widower will receive $846 monthly, almost 70 percent of the colonel's disability benefit. The corporal's survivor will receive $518 monthly; about 40 percent of the corporal's disability compensation.

> A totally disabled veteran who was a corporal at the time of discharge succumbs to his disability twenty years after discharge. Prevented from working by his disability, the veteran is unable to provide an estate. The surviving spouse will receive DIC based on a rank the veteran held twenty years prior to death.

Mr. Chairman, The association freely admits it is easier to identify the problems in the system than it is to offer a solution. It is virtually impossible to suggest a solution that has not previously been considered. Still, several ideas currently seem popular. One suggests the conversion of DIC to a needs based program. This would certainly be a departure from the aristocratic method of paying on distinctions drawn from military rank.

Notwithstanding studies that demonstrate officer's spouses generally have higher educations, higher individual earning potential, fewer dependents, and larger estates the DIC program also provides them higher benefits than paid to the survivors of enlisted personnel. Perhaps the most distressing factor in the stratification of benefits is the social implication of providing compensation that acknowledges ". . .the manner of life of an officer's family [is] such that considerable money would be needed to maintain the same social relations after the officer's death. . ." as was discussed on the House floor during debate on the enactment of the current program.

Such an attitude employs the same logic as paying an officer more in hazardous duty pay for parachuting from the same airplane, under the same circumstances as an enlisted counterpart. The officer assumes no greater risk, nor does he have any greater responsibility during such a maneuver than the enlisted people involved. The Association views the disparity of benefits between officers and enlisteds survivors as an aristocratic inversion to need. However regretable this inversion might be, NCOA does not believe it supports the conversion of DIC to a needs based program. Nevertheless, a balance of benefits must be achieved.

In considering DIC reform alternatives, NCOA began looking for a statement of purpose for the DIC program. The only guidance provided in law is a definition which says DIC is paid to the survivors of veterans who die as a result of a service connected cause. Nothing actually tells why DIC is paid or how amounts should be determined. The VA's creed is ". . .to care for him who has borne the battle and for his widow and child." Regretably Mr. Lincoln in charging the nation with this duty did not suggest what level of care should be provided.

A look at the history of the DIC program provides no answer about the extent of survivor benefits intended. If anything, the legislative history of survivor benefits suggests only that payments were provided as the economy allowed; generously at times, and more

conservatively most other times. Indemnity is defined as repayment or reimbursement for a loss presumably at a level equal to the loss. That of course, leads to the most debatable of all issues under consideration--assigning a value to human life.

Mr. Chairman, this brings us to our point. It is not possible to assign a dollar value to human life. And since that is not possible it is truly unreasonable to suggest a graduated scale of compensation to survivors. Accordingly, as in the past, NCOA continues to favor a flat rate DIC payment for all survivors. We believe such a system is the most equitable program available.

There still remains a question of how to determine the appropriate amount of compensation . Several of the suggestions the committee will receive involve basing DIC payments on a percentage of disability income received by the veteran. Since active duty service members do not receive such payments some special accommodation would have to be made for them. It is very easy to find fault in a system that determines the survivor of a veteran who dies of a 100 percent disability should get more than the survivor of a veteran who dies of a 50 percent disability. Nor should there be a disparity between the veteran who dies after service compared with the member who dies on active duty. It remains that the veteran died as a result of service in the armed forces. Since 100 percent disability is as close to death as the system allows us to measure, it is therefore reasonable to base all DIC payments on a percentage of total disability

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compensation. This of course, is an expensive proposition even if only 50 percent of the current total disability rate is paid. Nevertheless, we believe this is the most concrete foundation upon which an equitable program can be built.

Notwithstanding our continued support for a flat rate systems as the most equitable we recognize that alternatives will be considered. However, even the alternatives could be based on the same flat rate system. For example, if compensation to the survivors of a veteran whose disability existed for a substantial period of time was to be greater than the basic benefit such could be accomplished by providing a percentage increase for each year the disability existed. Compensating the survivors of active duty members who die in service could be done in the same manner using years of service. Any number of variables perceived by the committee can be accommodated in this way. However, with each special category of recognition the arguments of inequity will grow.

Mr. Chairman, the flat rate system we suggest is likely to be the most expensive of the options to be considered. We have no way of projecting its costs, but we are concerned about the impact it may have on the program. The system conversion cannot be entirely prospective because that would be unfair to widows at the lower end of the current scale. Neither can the conversion be immediate which conversely would be unfair to survivors at the upper end of the

spectrum. As a result, conversion to a new system will result in a budget "bulge" that will affect the VA budget for several years of transition. However, we believe a reasonable accomodation can be made through the transitional period by prospectively eliminating reinstated spousal benefits and by limiting cost-of-living adjustments for survivors at the upper end of the spectrum. These off-setting cost savings may serve to diminish the financial impact of change.

The Association's second area of concern regarding the compensation program is the several proposals pending before the committee to allow the concurrent receipt of military non-disability retired pay and veterans disability compensation. Under current law, military retirees who have retired from the armed forces for length of service must waive a portion of military retired pay to receive disability compensation from the Veterans Administration. However, the two payments are made for entirely separate reasons.

Persons who have completed twenty or more years of active duty in the armed forces may, at the pleasure of the service secretary, retire and receive retired or retainer pay based on those years of service. In cases where an individual is physically incapable of continuing to serve, regardless of years of service, he or she may be placed on the disability retired list and compensated accordingly. In both cases,

these individuals are required to waive a portion of their retired pay to receive disability compensation even though only one is based on the disability.

Conversely, if a veteran leaves the service and is determined by the VA to have a compensable disability, regardless of income or source, the veteran is not required to waive any compensation. Federal employees for example, may receive regular or retired compensation (including compensation for years of military service) in addition to full VA disability payments. Other veterans who have entered civilian employment suffer no offsets. Finally, military retirees in receipt of VA disability compensation who subsequently retire from federal civil service employment suffer no offset if they have combined their years of military service with their years of civilian service to receive a single federal annuity. They simply waive entitlement to the same military retired pay twice to two different federal agencies. As a result the average military retiree shoulders an unfair burden in holding down annual outlays in the military retirement program.

Mr. Chairman, if this committee adopts one of the several pending proposals to allow concurrent receipt of retired pay and disability compensation, the VA budget will not be affected. In fact, administrative costs may be reduced since the VA will not have to

certify waivers of retired pay. NCOA strongly supports elimination of the waiver requirement and urges immediate action by the committee to eliminate this inequity in the disability compensation program.

Mr. Chairman NCOA appreciates the opportunity to present its views to this committee. The association sincerely believes that the services provided to our nations veterans by the Veterans Administration and this committee have been excellent. We know of no other nation which has strived harder through its government to be more equitable in meeting the needs of its truest patriots-veterans. NCOA offers its concerns in that spirit and thank you and the committee for considering our views during your deliberations.

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"The Serviceman's Voice in Government"

"Established 1968"

Statement of

Charles C. Partridge
Legislative Counsel

The National Association for Uniformed Services

Before the

Subcommittee on Compensation, Pension and Insurance

Committee on Veterans' Affairs

U.S. House of Representatives

June 14, 1984

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Oversight Hearing On The Compensation, Pension and Insurance Program

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Statement of

Charles C. Partridge

Legislative Counsel

The National Association for Uniformed Services

Before the

Subcommittee On Compensation, Pension and Insurance

Committee on Veterans' Affairs

U.S. House of Representatives

June 14, 1984

Oversight Hearing On The Compensation,
Pension and Insurance Program

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to present the views of the National Association for Uniformed Services to this distinguished panel.

The National Association for Uniformed Services' (NAUS) membership represents all ranks of career and non-career service personnel and their wives and widows. Our membership includes active, retired, and reserve personnel, veterans and their widows of all seven uniformed services: Army, Navy, Air Force, Marines, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration. With such a membership, we are able to draw information from a broad base for our legislative activities.

First, NAUS would like to express its appreciation to this Subcommittee for the excellent legislative package represented in H.R. 5688. The hard work and care on the part of the committee members and staff are reflected in that bill and it deserves the appreciation of all members and veterans of the uniformed services.

My testimony this morning will focus on the Dependency and Indemnity Compensation (DIC) Program. Three aspects of the program are of particular concern: The basis for DIC rates, future adjustments to DIC rates and DIC for widows who remarry after age 60.

Dependency and Indemnity Compensation rates for surviving spouses are based solely on the military pay grade of the deceased. This is the only benefit administered by the Veterans Administration calculated in that manner. The National Association for Uniformed Services (NAUS) has consistently supported the idea that DIC rates should have more than a simple military pay grade criteria for calculating the amount of compensation. Under the current criteria, consideration is not given to the veterans length of service or conditions and circumstances surrounding the cause of death. An identical DIC rate is awarded to the widow of a veteran with 19 years service and the widow of a veteran with six years of service.

NAUS continues to support a proposal that primary compensation of a fixed and minimum amount be payable to all DIC widows. This base amount would be to compensate for the only aspect that is identical among all widows; that is the death of a husband. Secondary compensation with consideration given to pay grade, length of service, cause of death, and condition or circumstance leading to cause of death would be in addition to the primary amount. This

system would allow the Veterans Administration to compensate differing amounts to the widow of a veteran (pay grade E-4) killed on active duty vice that of a 55 year old widow of a veteran (pay grade E-4) who has spent 30 years caring for a service-connected paraplegic.

The second aspect to be discussed is future adjustments to DIC. NAUS continues to support automatic adjustments based on the Consumer Price Index (CPI) as is currently being accomplished for Social Security beneficiaries. Such automatic adjustments should be applied only to the primary compensation payable under the proposed restructuring of DIC rates previously described.

Another aspect of DIC which NAUS has long supported is allowing DIC widows to remarry after age 60 without losing entitlement to DIC. The Civil Service, Foreign Service, Social Security and SBP widow beneficiaries may remarry after age 60 without losing eligibility for their benefits. The same conditions should apply to DIC widows. Further, in our testimony last year we showed that the costs for this change would be minimal because of the small number of widows involved; therefore it is a matter of equity - not a matter of cost.

In closing, I congratulate the committee for holding oversight hearings on the DIC program. This illustrates your concern for this program and the need for equitable change. I appreciate the opportunity to present the views of NAUS and thank you for your consideration and hospitality. At this time, I am prepared to respond to your questions.

STATEMENT OF
JOHN F. HEILMAN
NATIONAL LEGISLATIVE DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
OF THE
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
JUNE 14, 1984

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the 878,000 members of the Disabled American Veterans, may I say that we deeply appreciate this opportunity to present our views on the service-connected disability compensation and Dependency and Indemnity Compensation programs of the Veterans Administration.

Mr. Chairman, we applaud your decision to hold this oversight hearing on these most important benefit programs.

As you are very much aware, those VA benefits and services, the eligibility to which is based upon the incurrence of a service-related wound, injury, disease or death, encompasses the primary legislative focus of the Disabled American Veterans--indeed, concern for the well-being of service-connected disabled veterans, their dependents and survivors--constitutes the foundation upon which our organization was created and upon which it continues to rest. The DAV has always and will always maintain that, in terms of federal veterans benefits and services, our nation's primary obligation is to first consider and address the needs of service-connected disabled veterans, their dependents and survivors.

Mr. Chairman, the history of service-connected disability and death compensation benefits for America's veteran population parallels the history of our nation itself. Commencing with colonial times--the Virginia General Assembly in 1624 passed a law to provide benefits to veterans who were injured fighting Indians--and continuing through the birth of our nation and through every major conflict fought in the 19th and 20th centuries, additions and modifications of federal veterans' statutes have time and again demonstrated that our country has never forgotten the services rendered and sacrifices endured by veterans.

Though service-connected benefits have, at various times, been called both "pension" and "compensation," though these benefits and services have been subject to varying Acts of Congress, Administrative determinations and judicial interpretations, the basic philosophical stance of our government has never wavered--the incurrence of a service-related wound, injury, disease or death warrants appropriate federal action in the form of benefits and services to such disabled veterans, their families and their survivors.

Today, Mr. Chairman, the VA extends disability compensation to veterans who have a residual physical or mental disability caused by a wound, injury or disease that was incurred in or aggravated by other than dishonorable active service in our Armed

Forces. The amount of these benefits and their periodic adjustment is established through legislation approved by the Congress and signed into law by the President. Benefit payments attempt to represent, to the most practical degree possible, the average impairment in earnings capacity caused by the service-connected disability. Monetary amounts currently range from $64 monthly for a 10% disability to $1,255 monthly for a total and permanent condition. Higher amounts are available in the form of special statutory awards for the most seriously disabled.

Service-connected death benefits (DIC) are currently extended to the widows and minor children of veterans whose deaths have been judged to be related to a service-connected disability. These rates of payment are also established and adjusted by Acts of Congress and, of course, are intended to provide a measure of financial security to survivors in view of the service-connected death and its effect on family income. DIC payments vary according to the military rank of the deceased veteran and range from a low of $461 per month for the widow of a private (pay grade E-1) to $1,179 monthly for the widow of a general office (pay grade O-10).

Neither disability compensation nor Dependency and Indemnity Compensation are subjected to any "means test," that is to say, once basic eligibility has been established under existing law and regulation, benefits commence and are not dependent upon any

outside income criteria. Also, these benefits are not and never have been subject to taxation. There are presently over 2.2 million compensably disabled service-connected veterans on the compensation rolls, while over 360,000 widows and orphans are in receipt of service-connected death benefits.

Earlier, Mr. Chairman, I indicated our pleasure with your decision to conduct this oversight hearing. The DAV does indeed welcome the attention of you and your Subcommittee on the VA's disability compensation and DIC programs.

As a result of such oversight, not only have benefit rates been adjusted on a regular basis, but new programs have been created, existing ones have been modified to encompass additional eligibles and the needs of special categories of veterans have been addressed and met.

The most recent example of this is H.R. 5688, the Veterans Compensation Amendments for Fiscal Year 1985, which initiated in this Subcommittee and, based upon your recommendations, was favorably ordered reported by the full Committee on May 22, 1984. Recommending a 4.3% across-the-board increase in VA service-connected disability and death compensation benefits effective December 1st of this year, the measure also contains several other program modifications including: creation of an Advisory Committee for Atomic Veterans; the addition of systemic lupus erythematosis to the chronic diseases listed in Section 301(3);

Title 38, USC; and improvements in the automobile and adaptive equipment program. (We are particularly pleased by the Subcommittee's decision to address the "disposition of previously adapted automobiles" in the compensation bill and we urge that you favorably consider the approach to the same problem now being considered by the Senate Veterans Affairs Committee.)

In addition to passage of beneficial veterans' legislation, your Subcommittee's continued oversight and familiarity with the compensation/DIC programs have, in our opinion, facilitated your immediate intervention and response in the face of threats to existing benefit levels.

In recent times, various proposals have been advanced that would have impacted in a most drastic fashion on hundreds of thousands of veterans and their families. We have, for example, seen administrative and legislative attempts to completely eliminate the compensation payments for lower disability rating categories; eliminate dependency allowance payments for certain groups of current eligibles; and offset the benefits of certain totally disabled veterans who also receive Social Security payments. In each instance, these offensive proposals have been rejected by the Congress, due in large part to the immediate response of this Subcommittee, the full Committee and your counterparts in the Senate.

At the risk of belaboring the point, Mr. Chairman, let me state to you that there is no doubt in the mind of the DAV that VA benefits and services, their evaluation, periodic adjustment and improvement, should remain securely in the hands of the Veterans Affairs Committees and the Congress.

Mr. Chairman, with your permission, I shall focus the balance of my remarks this morning on a legislative goal long held by the DAV which pertains to the VA's Dependency and Indemnity Compensation program.

Dependency and Indemnity Compensation Program

Through a resolution approved by the delegates to our most recent National Convention, the Disabled American Veterans has been given a mandate from its membership to seek the enactment of legislation that would provide for a more equitable formula on which to base VA Dependency and Indemnity Compensation payments (DIC).

As you are aware, under present law (Section 411, Title 38, U.S. Code) DIC benefit rates are based upon military rank. There are presently 23 separate and distinct rates under the formula which governs payments. As stated earlier, they range from a low of $461 a month for the widow of a private to $1,179 per month for the widow of a four-star general/admiral. (Two additional higher payments are authorized in cases where the veteran served

as a the Senior Non-Commissioned Officer of any one of the Uniformed Services, or if the veteran occupied the top post in the Army, Navy, Air Force or Marine Corps.)

Aside from the obvious financial security factor for survivors (in view of the service-related death of a family breadwinner), the present rank-based formula is designed to compensate survivors proportionately, according to the "lifestyle" or "standard of living" enjoyed while the serviceperson or veteran was living.

Mr. Chairman, notwithstanding the terrible difficulty encountered while attempting to assign a monetary value to a human life, we believe the present DIC formula provides unjustified, discriminatory payments.

For example, are the lifestyles of a corporal (E-3), or a sergeant (E-4), or a captain (O-3), or a major (O-4) different to any significant degree? Why should widows of two men cut down by the same burst of enemy fire receive, in some cases, vastly varied payments? Has not the standard of living of a veteran whose life was cut short by a service-connected disability some 20 years after service discharge, progressed greatly from the point when such veteran was a private or PFC in the service? And what of the percentage of service-connected disability rating at time of death? Surely the severity of a disability carried

throughout a lifetime can and does influence family income and the amount of an estate left to survivors. Yet this factor has no bearing on current benefit payments.

These are not easy questions to answer, Mr. Chairman, as we in the DAV are well aware. Also, before anyone can consider modification of the current formula or substitution of new modes of payment, a detailed profile of present and projected DIC beneficiaries and claims must be obtained.

Based upon a request from your Subcommittee (and of our own organization), the VA has, in fact, recently obtained such data through a survey of DIC decisions rendered during the period December, 1983 through February, 1984. We have not yet seen this data, though it is our understanding that the VA has, or is about to, put it into final form.

Mr. Chairman, you will note that our National Convention mandate is quite flexible. We are willing to consider various options and, in fact, are in the process of developing recommendations of our own for your consideration. (The aforementioned DIC data will, of course, be considered by the DAV.) Our endeavor is to devise a plan that will guarantee protection of existing benefit levels for all current DIC beneficiaries and, at the same time, offer to the largest number of present and future DIC recipients a more equitable and favorable distribution of

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benefit payments. We pledge our complete cooperation to you and other interested parties in pursuit of such a worthy objective and we urge that consideration be given and legislative action taken by the Veterans Affairs Committees and the Congress in 1985.

This completes my testimony, Mr. Chairman. Again, I thank you for extending us the opportunity to participate in today's proceedings.

* * *

BLINDED VETERANS ASSOCIATION
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STATEMENT BY ELLSWORTH L. SHARPE
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BEFORE THE SUBCOMMITTEE ON COMPENSATION, PENSION, AND INSURANCE
OF THE HOUSE VETERANS AFFAIRS COMMITTEE

JUNE 14, 1984

Chairman Applegate and Members of the Subcommittee:

On behalf of the Blinded Veterans Association and our National President, I want to take this opportunity to thank Chairman Douglas Applegate and the members of this subcommittee for this opportunity to appear here today. I am very pleased to substitute for our National President who could not be here today to present the views of the Blinded Veterans Association on the VA's compensation program for service-connected disabled veterans.

I do not need to take the time of this subcommittee today to talk about the history or the importance of the compensation program to disabled veterans. This subcommittee also knows how hard we have worked in recent years with members and staff of this subcommittee on compensation issues.

The BVA applauds the efforts of this subcommittee to hold this oversight hearing. Our principal concern with the compensation system is that it be fair. We have worked diligently in recent years--with the cooperation of subcommittee members and subcommittee staff--to change certain provisions of Title 38, Section 314 which did not treat blinded veterans equitably and which did not recognize the severity of blindness as a disability.

The BVA especially appreciates the hard work of this subcommittee staff in recent years and the assistance and guidance they have offered us as we have worked to make these changes. Without their assistance and especially their hard work with the Veterans Affairs Committee staff on the Senate side, many of these changes never would have been enacted.

We are especially grateful to this subcommittee for its action last year to incorporate into the legislation, which provided a cost of living increase for compensation, special language which changed the disability rating schedule for blinded veterans with additional service-connected hearing disabilities. Although the House version of this legislation did not survive in the Senate or in the conference process, some changes were made which have gone a long way to rectifying an unfair situation.

Although we believe the final measure did not go far enough, we will monitor along with this subcommittee the impact of these changes on the blinded veterans population and assess the adequacy of this new language.

In recent years, we have appeared before this subcommittee to ask for changes in the rating schedule. However, not all inequities in the VA disability rating system require action by Congress. The VA, itself, has the authority to make some changes. However, close monitoring and oversight by this subcommittee is critical in most instances if these changes are to be made and the vital time of this subcommittee is not inordinately or unnecessarily occupied. It is only when the

VA does not meet its responsibility in such areas that it becomes necessary to petition Congress for the changes.

There are two specific areas related to blinded veterans which the BVA has petitioned the VA to change for many years now. One relates to the combined loss of visual field and visual acuity. The second relates to severe field defects. These existing inequities can be corrected by the Administrator without congressional approval.

First, the VA's disability rating schedule and regulations contain no provision to rate the loss both of visual field and visual acuity. However, the two occurring in combination are considerably more handicapping than either occurring alone. We urge that the schedule be amended so that blinded veterans with the loss of both visual acuity and visual field be rated as more disabled.

And second, the schedule does not adequately compensate blinded veterans who suffer from severe field defects. The normal visual field is 180 degrees. This translates into an ability to see everything--with the exception of what is behind you--without turning your head. When a veteran has a field defect such that the widest diameter of visual field subtends an angular distance less than 10 degrees, that is a severe disability. We think he should be rated 100% disabled. Similarly, we feel that a veteran whose visual field subtends an angular distance no greater than 10 degrees should be rated 90% disabled; a veteran with a field of vision no greater than 15 degrees should be rated at 80%; and a veteran with a field of vision no greater than 20 degrees should be rated as 70%.

Recently, the BVA met with the VA's Chief Benefits Director to discuss both of these issues in hope that progress could be made to resolve our concerns. We learned that no progress has been made to resolve our first concern, that being the combined loss of visual field and visual acuity. We also learned from the Chief Benefits Director that the VA does not agree with our stated position concerning severe field defects as well. Therefore, it seems unlikely that the VA will make any changes in these existing ratings. If these changes are to be made, it will take congressional action. The BVA will continue to collect information on these issues for presentation to Congress in the future.

A very important concern of the BVA with disability compensation concerns the aid and attendance award for service-connected disabled veterans. We believe that blinded veterans rated under subsection (n) of Section 314 should be eligible for the lower amount of aid and attendance provided under subsection (r).

Such a change in the system would be consistent with the philosophy and rationale behind the VA Rating Schedule. The schedule was designed to reflect average economic loss. Yet, it has long been recognized that the blind experience greater difficulty locating jobs and maintaining a regular income than any other segment of the disabled population.

Sighted people--even sighted people who suffer from some other form of disability--take many things for granted, such as minor home repairs and maintenance, paying bills, driving a car, and reading. However, these are daily living activities for which blinded veterans

need help. Although aid and attendance might be viewed in terms of medical care, many who now receive aid and attendance use it to defer expenses for daily living activities. Aid and attendance could help a blinded veteran with expenses for reading, bookkeeping, transportation and other activities of daily living.

Additionally, the Dependency and Indemnity Compensation Program (DIC) should be targeted for careful review by this subcommittee. This review seems outside the scope of possible activities this year. But, the BVA strongly encourages this subcommittee to consider DIC a number one agenda item in the next session of Congress.

The BVA's goal is a very simple one: that is, that the DIC system be fair. Clearly, the existing system is not fair to surviving spouses and dependents and it should be amended.

DIC rates are determined by the highest rank or grade held in the Armed Forces by the disabled spouse, whereas disability compensation is paid in like amounts for like disabilities. It does not stand to reason that the surviving spouses of disabled veterans should be paid different amounts when those same veterans were paid equal amounts during their lifetimes.

The present policy is based on the rationale that DIC is compensation for lost earnings and that there is a correlation between military pay levels and levels of post-service earnings. Its supporters argue that it would be unfair to ignore service pay grades in the DIC schedules because a veteran who served in a higher military pay grade probably experienced a greater loss of potential earnings than a veteran who served in a lower pay grade.

However, we believe that the previous military grade earned by a veteran and his financial status at the time of death--for the most part--do not have a strong relationship unless the death occurred while on active duty. Also, there is not a strong relationship when that service occurred 30 and 40 years earlier. The BVA recognizes that there could be some exceptions to this. But, we also recognize that a greater inequity is that the survivors of two disabled veterans, who as far as compensation is concerned are equal other than their former military pay grades, are treated unequally in the DIC system.

The BVA recommends amending Title 38 by changing the DIC rate for a surviving spouse of a veteran receiving 100% compensation to 50% of the compensation paid to the deceased veteran plus dependency allowance. This would eliminate the discrimination in the current law.

The BVA stands ready to work with this subcommittee to review this proposal as well as any other proposal in order to provide for a fair and equitable DIC system.

On a final note, I would like to point out that many of our concerns with the compensation system are derived from the belief that the severity of blindness as a disability is not adequately recognized. This is not a problem unique to the VA. This is a symptom of our society in general, and the BVA, along with many other organizations of blind Americans, work to rid our society of the misconceptions concerning blind and visually impaired.

Far too many individuals today view the disability rating schedule as a competition among disabilities. The approach goes something like

this: He who is judged the most severely disabled wins the prize. The severity of a disability is evaluated in comparison with other disabilities--not as to the disability's impact on the life and well-being of the individual.

We do not agree with this notion. We believe that the compensation system should reflect the severity of the disability. And that is why we have worked so hard in recent years to educate and inform this subcommittee of the disability of blindness. Again, I will not take the time of this subcommittee today for a treatise on blindness. But, I do want to take a brief moment to remind this subcommittee that one of the most serious consequences of blindness is isolation--isolation from family, friends, career--isolation from life. Isolation is not something concrete like a crutch or a wheelchair which can be touched, seen, and appreciated. It is the abstract and, therefore, all the more difficult for sighted individuals--who have not experienced such isolation--to appreciate.

In our annual statement before a joint hearing of the Committees on Veterans Affairs, our National President quoted Father Thomas Carroll, a Catholic priest and a noted expert in blindness who helped mold the philosophy of the BVA. He wrote, "Only the blind have an experiential knowledge of blindness and therefore a true realization of its meaning." Sighted people, he said, could be educated to understand and to empathize. That is why we are here today. Not to petition for specific changes in the disability rating schedule during the remainder of this session of Congress, but, rather, to work with you

so that together we can better assess the impact of public policy on the lives of blinded veterans.

Again, thank you very much for this opportunity to be here today.

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STATEMENT OF JEAN ARTHURS

LEGISLATIVE DIRECTOR

OF THE

NATIONAL ASSOCIATION OF MILITARY WIDOWS

BEFORE THE

SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE

COMMITTEE ON VETERANS AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES

June 14, 1984

The Secretary of the Army stated: "When the government contracts for the serviceman, it really contracts for the entire family unit as it includes all of the family in the adjusted lifestyle, the 24-hour call, the 'perils and discomforts(with readiness to serve anywhere, to go to hazardous places at a moment's notice."

To care for him who has borne the battle, and his widow, and his orphan.
A. Lincoln

Mr. Chairman and members of the subcommittee. I thank you for the opportunity to present the views of the National Association of Military Widows at this oversight hearing on the compensation program.

The National Association of Military Widows is a nationwide organization dedicated to the welfare of all military widows. Our goal is to assure the equitable treatment for all military widows through legislation, assistance, information, and membership.

In regard to legislation, we work for changes in the laws to correct inequities and make survivor benefits for the military widows on a level comparable to the other Federal agencies. It is our view that since the Federal agencies and the military share the same paymaster, all should receive equal treatment and benefits.

In 1972 the Military Survivor Benefit Plan was passed to correct the discrepancies of the ill-conceived Retired Serviceman's Family Protection Plan. The new survivor benefit plan was patterned after the Civil Service benefit program. It came out a fairly equitable plan and its remaining flaws are slowly being corrected.

It is now time for Congress to corrot the dependency and indemnity compensation program on the same basis as applicable to the Federal Civil Service program. A substantial difference in death compensation exists at every pay level between DIC and FECA programs. This is due to the varied compensation formulae used to compute the benefits under each applicable law.

The FECA compensation formula is computed at 55 percent of full civilian pay and escalates to 80 percent in some cases as bonus payments are included.

In comparison, the annuity for widows of privates, airmen,

and seamen in pay grade E-1 equals 55.15 percent of the serviceman's pay. The maximum amount for DIC widows of servicemen pay grade O-10, is 15.7 percent. Dependency and indemnity compensation is the only such formula that is self-reducing. The higher in rate or rank attained and the longer served, the lower the percentage the widow receives. The average DIC entitlement averages about 20 percent of the serviceman's pay. There is very little comparison between the two systems.

To overcome these inconsistencies, we recommend that the long established FECA program apply to all Federal employees, whether they are military or Civil Service personnel.

For many of these widows DIC is the sole means of support. The Congress originally intended that DIC would be a supplementary compensation as recompense for the death of the sponsor from active duty or service-connected causes. An analysis with an in-depth view points out that the loss of a serviceman to a military widow is as great as the loss to a civil servant. In some cases, due to the logistics of the situation, it is much worse. Most civil servants have a stable, home base. It is quite different in the military. When death strikes suddenly, and you are far from the United States, and do not have a homebase [illegible] it presents a traumatic, expensive situation. With the expense and problems of relocation some of these widows remain at poverty's door.

According to past Veterans' Affairs studies, the average DIC widow is now over 60 years of age. Living is hard as they do not fit into the workforce and maintaining a standard of living is difficult. Most of these women spent the greater portion of their lives functioning in traditional military roles within the context of military service, e.g. wife, homemaker, mother, and the obligations of the military community. Functioning as

one-half of the service family she often had obligations to the military community. All of the demands coupled with the every-two-year relocations often resulted in lack of marketable skills. Due to age, lack of job experience and skills, job opportunities earned minimal pay. There is little chance to earn pension benefits in their own right. Their lives were spent supporting their serviceman by maintaining the family unit and contributing in any way possible to the success of his career.

Again, an issue of concern to military widows is the benefit termination as a consequence of remarriage after age 60. Representative Whitehurst (R- VA) has introduced H.R. 433 and Representative Roe (D-NJ) has sponsored H. R. 334. These bills stipulate that the remarriage of the widow receiving DIC after the age of 60 shall not result in the termination of the DIC compensation.

The nation has acknowledged a debt to these military widows through the enactment of the DIC program. They are the surviving widows of a serviceman who died on active duty, or a retiree whose death was a result of disease or injury service-related.

The other Federal programs covering survivor benefits include this option. Under the FECA program at age 60 the widow is allowed to remarry and her annuity continues. If she remarries before age 60, she is awarded 24 months full annuity. Under the DIC program the annuity ends with remarriage at any age and no award is made.

Among other Federal programs with the remarriage after 60 factor included are the Retired Serviceman's Family Protection Plan and the Survivor Benefit Plan. Omitting the Dependency and Indemnity Compensation program is discrimination within categories of the military community.

The Civil Service and Foreign Service programs include the retaining of the annuity on remarriage after age 60.

Everyone of these groups have the same paymaster — the United States Treasury. It is time to correct this inequity among Federal programs.

The cost factor for this change would be negligible as so few widows at age 60 have the opportunity to remarry.

This concludes my testimony for today. I wish to thank you, Mr. Chairman, members of the subcommittee, and the staff for allowing me to testify today.

Jean Arthurs,
Jean Arthurs
President

STATEMENT OF THE

VETERANS OF WORLD WAR I OF THE U.S.A., INCORPORATED

BEFORE THE

SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE

ON

HEARING ON COMPENSATION PROGRAM

June 14, 1984

Mr. Chairman and Members of this Distinguished Subcommitte, the Veterans of World War I appreciate the invitation to appear before or submit a statement for this hearing on the Compensation Program.

Inasmuch as The Veterans of World War I of the United State of America is the Senior Veterans Organization from a standpoint of years among the Veterans Organizations of our Country, they do not choose to suggest neither do they presume to know the needs of the majority of the younger veterans entitled to draw Compension payments for war time service. In this regard we gladly yield to the Veterans Organizations whose membership consists of veterans of all of America's wars, assuring them that The Veterans of World War I support them in their efforts to obtain their objectives in securing a fair and equitable disability rating compatible with the cost of living, keeping this updated as the COL increases. Realizing that the strength of a larger membership, one including members from World War I to and including veterans from the Vietnamise War, will assist our members on compensation compatible with COL today.

It was this group of Old Veterans who in their youth brought pressure upon the Congress for the enactment of, "The Serviceman's Readjustment Act of 1944", commonly called the G.I. Bill and these same veterans from the First World War have supported the enactment of similar legislation for the Veterans of the Korean War, and again for the Veterans of Vietnam. Among my trophies I treasure is one of the pens used by President Johnson signing the G.I. Bill for Vietnam Veterans.

One word of caution we do offer to the younger Veterans of the wars subsequent to World War I, is that you keep a watchful eye on

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the political whims that arise in our country, and rally your forces to pressure the Congress not to allow another "Economy Act" similar to one of March 20, 1933, when all disability ratings were repealed and Compensation payments were stopped, whether the veteran was an ambulatory or hospital case. On that day of infamy, the veterans of World War I were turned out in the streets when their Compensation was stopped. There was no Veterans Administration Hospitals at that time.

The only rehabilitation program provided by the government after World War I was an Educational and Vocational Training Program for the service-connected drawing Compensation. This program assisted approximately 200,000 World War I Veterans; the balance of more than 4-million received nothing. The Veterans of World War I of the U.S.A., Incorporated are deeply grateful for the assistance provided the service-connected of our membership, for they are among the small percentage of World War I Veterans who were able to obtain an education, or craftmanship, enabling them to earn enough to support their families, and have a chance for a home in their old age.

The Veterans of World War I of the U.S.A. (organization), a "Last man or woman's Organization", consider with pride that they have maintained the highest percentage of eligible members per capita of any veteran organization in our country, even at the age of 88 plus. The experience and knowledge of these Old Soldiers lend their voice in adequate support of the disability ratings, adequate for the support of those depending on their Compensation checks to meet the daily needs of modern America.

We wish to thank you Mr. Chairman for this opportunity to present the views of the Old Soldiers of World War I regarding Compensation to this Subcommittee.

Herbert M. Houston
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STATEMENT

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AMERICAN EX-PRISONERS OF WAR

BEFORE THE

OVERSIGHT SUB-COMMITTEE,

HOUSE VETERANS AFFAIRS COMMITTEE,

JUNE 14, 1984

Mr. Chairman:

I want to thank the Committee for the opportunity to present the views of former prisoners of war. This small but unique group of veterans really understand the meaning of freedom because they sacrificed this most cherished American right in defense of their country. They remain steadfast in their conviction that the long days of starvation, brutalization and dehumanization were worth the sacrifice. However, the cost to them in terms of later physical health and psychological well-being has been enormous. It is these concerns that bring me before this Committee to-day.

The passage of PL 97-37 in 1981 signaled the first major effort of Congress in response to these long range health consequences. That law, for the first time, opened up the VA health care system to former prisoners of war. It also added "anxiety states" to the short presumptive list of conditions directly attributable to captive experiences. As a footnote, "depressive neurosis" was added just a few weeks ago and appears to complete the job with respect to enduring psychological problems.

However, PL 97-37 did not address the issue of the enduring physical consequences. Instead, it mandated a POW Advisory Committee to study such consequences and report back to Congress with its findings and recommendations. It did so in September 1983.

The Committee, including the sub-committee of medical specialists, concluded unanimously and without reservation that extensive residual physical damage was an enduring consequence of the starvation, stress and inhumane circum-

stances universal to the captive situation. The Committee also assessed the effectiveness of existing statutes and VA regulations and found them woefully inadequate to the legitimate needs of former prisoners of war.

General John Flynn, Chairman, noted that VA's concern for the integrity of the adjudication system against fradulent specious claims was understandable yet must also "encompass the principles of justice and fairness to all categories of veterans." The Committee's exhaustive review revealed the tragic fact that this system was simply not working for the former POWs. The reasons were delineated in the Committee's report and placed focus on the absence or inadequacy of service records for former POWs so crucial to established adjudication policies and practices. The Committee properly pointed out the principle of reasonable doubt had no practical value to most POW claims since it was only applicable to existing evidence. If there was no evidence, reasonable doubt cannot be applied in a favorable way. The Committee also noted that statistical evidence and medical opinion supporting the conclusion that former POWs were more prone to certain diseases had no practical applicability in the adjudication process to individual POW claims.

Lastly, the POW Advisory Committee noted there was an urgency in correcting deficiencies blocking legitimate benefits for POWs. It stems from the fact that POWs who have already waited 40 years for these issues to be decided are now in their 60s. We call to your attention that nearly 30% of the WWII POWs have died since repatriation, including almost 2,000 since the POW Advisory Committee completed its report in June 1983! The need of this group grows more desperate every day.

Mr. Chairman, I plead with your Committee to act now! The evidence is overwhelming and the need is great. The cost is minimal and would be entirely offset by expenses to VA of the protracted claims and appeal process which now continue for months and years. The elaborate review procedures established by DVB do not change the situation in any significant respect. For example, the copy of each rating decision that is sent to Central Office is reviewed "for quality on the basis of the stated (by the VARO) fact situation." Since individual POW records lack factual evidence that would support their claim, such reviews are meaningless. I am appending several documents that support the concerns expressed in my testimony. They include "A Broad Assessment of the VA's Implementation of PL 97-37 After Thirty Months" presented to the POW Advisory Committee on March 7, 1984; and assessment by Dr. Charles A. Stenger, who represents all POWs before the Board of Veterans Appeals, of the deficiencies still continuing in the processing of claims and appeals due to the evidentiary requirements which POWs cannot meet; and an assessment by Dr. Stenger of the conclusions and recommendations reached by the POW Advisory Committee in its 1983 report.

It is specifically called to your attention that VA selected the best medical experts for the Committee and they represent an authoritative medical consensus. A consensus on the conclusion that there is extensive long range damage to all major body systems as a consequence of the POW experience. In 1948, the VA Administrator warned of this in his statement.

> "The near-starvation diets...impaired their internal organs and caused nervous disorders... in many cases the effects of such malnutrition would excape detection in ordinary physical examinations because such symptoms are not detectable...or show up long after..."

The findings of the Committee were also forecast after WWII by the War Claims Commission, Congressional and Executive Committees, National Academy of Sciences, and other qualified bodies and experts throughout the entire world.

We recognize that not all of the Committee's recommendations for correcting existing deficiencies can be acted on in their present form without extensive study. For this reason we recommend that the presumptive list of conditions occurring anytime after repatriation be immediately expanded to include the following physical conditions known to occur with high frequency in POWs.

---chronic liver disease
---long term residuals of cold injury (including peripheral nerve damage)
---gastro-intestional disorders (including ulcer,colitis)
---arthritis
---cardiovascular disease

Additionally, we recommend that the Provisions of 38 USC be amended to provide dental care for those POWs incarcerated 30 days or more, just like the law reads for medical benefits.

Mr. Chairman, a few short months ago an entertaining TV commercial caught the public's fancy. It repeatedly asked "Where's the beef?" However, POWs find little enjoyment in the similar repetition of "Where's the proof?" when their individual service records are known to be non-existent or grossly inadequate. The solution to much of the unintended unfairness and injustice that has resulted is readily available to your Committee--expanding the presumptive list---and we urge Congress to take this small step that will mean so much to deserving and long suffering former prisoners of war.

Thank you.

Attachments (3)

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A BRIEF ASSESSMENT OF THE VETERANS ADMINISTRATION'S IMPLEMENTATION OF PUBLIC LAW 97-37 AFTER THIRTY MONTHS

BY

C. Earl Derrington, National Commander
American Ex-Prisoners of War

March 7, 1984

The Veterans Administration has initiated many actions that reflect a genuine concern for Ex-POWs and their enduring physical and emotional health problems. We have repeatedly expressed our deep appreciation for these efforts and wish to do so as a part of this statement.

The Department of Medicine and Surgery has implemented a number of specific measures that appear to be having an increasingly beneficial affect in terms of the quality of medical services and the sensitivity with which they are provided. The POW Hotline and the Division of Veterans Benefits education film " A Flag for POWs" are also important steps. We are particularly appreciative of the letter concerning Ex-POWs sent to every employee by the VA Administrator, Mr. Harry Walters. And, we applaud the conscientious and exhaustive efforts of the Advisory Committee on Former POWs.

Yet, it is necessary that we talk about what has not been done. It is necessary because it involves urgent but still unmet needs of Ex-POWs.

The Former POW Benefits Act of 1981 was approved by Congress on August 14th of that year, some thirty months ago. In a comparative period of time, four out of ten POWs of the Japanese were already dead and the remainder clinging precariously to life. One third of those who made it home have since died. The remainder are faced with deteriorating health as well as many serious illnesses. Incidence rates and periods of treatment are far greater than for other combat veterans who served in the same theater of operations. Much the same thing is true of Ex-POWs of North Korea, Vietnam, and Germany.

In the thirty months PL 97-37 has been in effect, no appreciable changes have occurred in VA adjudication procedures that have helped Ex-POWs obtain needed compensation benefits!

DVB still requires specific medical evidence from service medical records to prove the condition began in service. Since such records are non-existent or grossly inadequate, Ex-POW claims stand no chance. The only exception is the Ex-POWs diagnosed "anxiety states", but this is the result of Congressional, not VA action.

WE EXIST TO HELP THOSE WHO CANNOT HELP THEMSELVES.

DVB still regards statements of fellow Ex-POWs who witnessed injuries and illnesses as lacking creditability or insufficient, even when made by physicians captured with them.

DVB is still waiting for more research results though Ex-POWs have already waited 40 years for such studies to be conducted! A level of scientific exactness in these studies that is impossible to achieve is still required. It rejects the unequivocal and unanimous conclusion of the medical experts selected by VA to evaluate available evidence as a part of the POW Advisory Committee. It ignore their consensual judgment based on this data and their expertise as medical specialists in crucial health areas. It continues to insist that reasonable doubt can only be applied to the individual fact situation when no facts exist. It is unresponsive to the need for urgent actions while these Ex-POWs continue to die without receiving the benefits they so clearly deserve. Some 1,000 more have died since the Advisory Committee submitted it's report six months ago!

The 88,000 Ex-POWs who were still alive as of January 1, 1984 find this failure to act unfair, inconceivable and unreasonable. The reluctance to take action when it is urgently needed is undefensible. The steps reflected in the POW Hotline and educational film give the appearance but not the substance of an appropriate and timely response to Ex-POW claims.

The DVB Circular 21-81-9, dated December 6, 1983 is the best document concerning Ex-POW claim procedures that I have seen. It is more specific in a number of areas.

First, it emphasizes in an unmistakable manner that adjudication staff must be aware of regulations concerning POWs, follows the intent of PL 97-37, and must exercise "utmost care, sensitivity, and compassion..."

Second, it instructs VA Regional Officers to designate a specific rating board or boards and gives the rationale for doing so (knowledgeable and sensitive).

Third, it makes it clear that members of these boards will be signatories to rating decisions they resolve.

Fourth, the names of these designated individuals on these boards are to be submitted to VACO by March 1, 1984.

Fifth, DVB staff is instructed to request the examination under the POW protocol--and to certify the claim folder will be made available to the Physician Coordinator.

Sixth, the Physician Coordinator "may" express a judgment as to possible epidemiological factors and/or etiological origins of any noted disability. As an important part of this, rating specialists are to give significant weight to this judgment--and give reasons for not accepting it! I believe if POW Physician Coordinators do give a judgment it will greatly increase the likelihood of favorable adjudication action. I believe Physician

Coordinators should be made fully aware of the critical role they can play and encouraged to exercise their judgment.

Seventh, careful review by a higher level person (i.e., Adjudication Officer) before the final action is taken is required.

Eighth, rating must be prepared with explicit reference to these guidelines and narative explanation given for approving or denying each claimed disability.

Ninth, procedures to expedite or avoid delays on claims and appeals to BVA are identified.

Tenth, copies of all claim actions are to be sent to VACO.

Now these actions are not all new, but they appear to be spelled out in a manner that suggests they are expected to be followed. Clearly adjudication staff is under some pressure to act in a more thorough and sensitive manner. I think DVB should be applauded for what can be considered a serious effort to fulfill the intent of PL 97-37.

However, adjudication staff faces a real dilemma. Despite the "pressure" to do the job right, DVB has not really provided them with the "tools" to do so. The reservations delineated by General Flynn that were made a part of the Administrator's letter of transmittal to the Senate on September 2, 1983 are pertinent here. He pointed out that the integrity of the DVB adjudication system must also encompass the principles of justice and fairness. The Bottom line is adjudication staff has not been told how to adjudicate POW claims in regard to the specific policy guidelines. To date, these remain unchanged. Reasonable doubt is tied to the available "fact" situation when such evidence just is not available on most Ex-POWs, and so on.

Unless DVB permits a variation in the definition of reasonable doubt or by other special policy change, (i.e., freedom to accept epidemiological data), the outcome of most Ex-POW claims will still be the same--denied.

Virtually no Ex-POW is getting needed and deserved compensation benefits as a result of the steps DVB has taken to date. There is one exception that I am aware of. The attached letter from Mr. Wallace, VA Adjudication Officer, is for Chairman Flynn's information. At least one VARO was willing to be very liberal despite the definitions still in effect. I feel the POW Advisory Committee should address the following questions:

1. Is the interpretation of the December 6, 1983 DVB Circular by Mr. Wallace on February 21, 1984 the new spirit that can be expected for other VAROs to follow?

2. Is this an exception, by chance, to the interpretation of the DVB Circular, dated December 6, 1983?

If DVB supports the interpretation by Mr. Wallace, all that is needed is for DVB to say very clearly to their VAROs that they should do exactly what this one office has done. Lets hope they do so in the near future!

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May 1, 1984

TO: CHAIRMAN, ADVISORY COMMITTEE ON FORMER POWs.

FROM: CHARLES A. STENGER, PhD, NSO BEFORE BVA, AMERICAN EX-PRISONERS OF WAR

SUBJECT: REQUESTED COMMENTS ON THE BVA IN RELATION TO POW APPEALS

1. I have represented numerous POWs in their appeals and have provided informal written testimony on every one. I have found the BVA staff and leadership to be, not only courteous and helpful, but also genuinely concerned about claims' problems confronting POWs.

   Nevertheless, I believe, without reservation, that BVA decisions are typically lacking in justice and fairness. Let me hasten to say this is not their intent. In fact, almost every BVA decision states "we are most sympathetic...his experiences were no doubt harsh" or similar phrases showing an awareness of the severity of the experiences suffered.

   Yet BVA decisions without fail (and apologetically) state "we are bound by evidence of record...we must judge the merits of the claim on the basis of objective evidence and sound medical principles."

2. There is no doubt that additional legislation expanding presumptive categories would rectify some of these problems. But I firmly believe BVA has not utilized the flexibility given to it by Congress and unnecessarily restricts itself to specific rules and regulations which are then meticulously and mechanically applied. And while it repeatedly acknowledges being bound by these rules that do not work very well for POWs due to inadequate service records and limited knowledge of long range consequences of starvation and brutality, it has taken no initiative whatsoever to recommend changes in regulations that would make it possible to provide fair and equitable decisions. I see nothing in regulations governing BVA that restricts it to the

CHAIRMAN, Advisory Committee on Former POWs (Cont'd) May 1,1984

attitude "we don't make the regulations, we only follow them" yet this is the role it accepts. As a result, the great experience VA has acquired with POW claims and appeals is not communicated in an organized, meaningful way that could contribute to greater fairness and equity in regulations governing POWs.

3. In every VA decision there is a long section citing specific regulations applicable to POW claims and governing the decision process. It then shows how these are applied to each claimed condition. Much less frequently does the VA decision refer to the following broad mandates, or if they are cited, does it show how they are applied in the appeal before it.

"in the case of any veteran engaged in combat... the (VA) is authorized and directed to accept as sufficient proof...satisfactory lay or other evidence...if consistent with the circumstances, conditions, or hardship...not withstanding the fact there is no official record" (PL 77-361)

"...when complete medical examinations are not conducted covering all systems of the body affected by disease or injury, it is impossible to visualize the nature and extent of the SC disability" (1945 Schedule for Rating Disability)

"particular attention should be given to pathology resulting from frozen feet and other effects of exposure...symptomatology consequent upon avitaminosis, malnutrition...and other circumstances of POW experience require special consideration" (VA Instructions #2, 1946)

"the circumstances surrounding...confinement... while POWs require special attention in adjudicating claims...the purpose...is to facilitate equitable adjudication...the omission of reference in these clinical records to a disability for which SC is now claimed is not determinative... (Circular No. 277, December 2, 1946)

"The near-starvation diets...impaired their internal organs and caused nervous disorders...in many cases the effects of such malnutrition would escape detection in ordinary physical examinations because such symptoms are not detectable...or show up long after..." (VA Administrator, May 19, 1948)

"...there should be no failure to accept competent lay evidence" (Claims IB Bulletin 8-55) (April 12,1951)

"cirrhosis is associated with nutritional deficiency, and presumption of misconduct is unwarranted" (Claims Ib Bulletin 8-55)

"The burden of proof as to claims related to the POW period have been shifted from the POW to the Government...the veteran's statement...will be accepted as proof of actual occurrence... when residual disability is noted which can be reasonably attributed to the service incident" (example of arthritis is given) (PG 21-1, June 22, 1983)

NOTE: There are many more VA statements and regulations concerning these same issues of inadequacy of records, importance of veteran's word, lay evidence, and undetectable effects until long after.

4. The BVA, in function, consistently disregards the flexibility granted it in respect to service records and later consequences of POW experiences. Instead, it insists without fail that it is bound by the "evidence of record" which it invariably restricts to objective medical evidence. It does this not withstanding the fact that VA's Study of Former POWs documents that the great majority of POW service medical records are grossly inadequate, incomplete, or absent! It also does so in the face of <u>objective</u> evidence concerning the inadequacy of the medical record it has before it on a specific claim.

For example, the medical records utilized by BVA and VA Rating Boards from 1946 to the present on Troy Kimmel (C11 782 120) are so inadequate they fail even to note shrapnel wounds to the hip or the fact that he was a POW.

Yet the BVA states "we appreciate the sacrifice the veteran made...nevertheless, we are bound by the controlling laws and regulations to make our determinations on the basis of findings which are supported by the <u>objective evidence</u> of record". Thus it willingly accepts data in records it knows is incorrect rather than apply the flexibility granted it by the other VA regulations that enunciate Congressional intent!

As a result in this case, it was not until 1979—more than 30 years after service—that service-connection was granted for shrapnel wounds to the hip, and it did this only because

a VA physician (in 1979) noted a scar on veteran's hip. The veteran's own word, as well as buddy statements, was ignored throughout, in violation of VA regulations that such sources would be accepted as creditable evidence. Nor has any clear and mistakable error been acknowledged by BVA though it is obvious when it takes 30 years to acknowledge a combat wound.

In this same case, even though there was reference in VA medical records in 1945 of trench foot, even though he stated and provided lay statements that he suffered through much of the winter of 1944-45 without shoes and had frozen feet, the VA (including BVA) has repeatedly rejected his claim of residuals of frozen feet. He has had all of the symptoms of permanent tissue and nerve damage, but the most that was done was to service-connect him in 1979 for "athletes foot". No recognition has been given to the present of the residuals of frozen feet of which the skin condition is only one symptom. Nor has BVA even directed that a thorough examination of this condition be carried out.

There are many other deficiencies in this case which is again before BVA for reconsideration. In each claim, the BVA decision is based on this same "evidence of record" and other evidence from the veteran, outside physicians, lay statements, etc., are consistently disregarded. BVA gratuitously notes the existence of such evidence but insists it is bound to make its decision on objective evidence in the record that is neither objective or complete.

5. This is the typical way BVA proceeds as borne out in decisions in cases I have presented right down to the present. If it is not in service medical records, it does not count. And since reasonable doubt is only applied to the "evidence", the veteran is invariably turned down. It seems totally unreasonable that BVA would not be able to use more effectively the more flexible powers given to it via the regulations and directives quoted earlier. I can find little or no evidence in all of my appeal cases. that it has done so.

6. In the BVA decision of February 16, 1984 provided to me by Stan Sommers (Clifton A. Langseth, C 6 802 620), the same process occurs. "We must judge the merits of the claim on the basis of the evidence." If the record is "silent" on a particular condition, it is assumed not to be present with no recognition given to the much greater likelihood that the examination was not comprehensive or the type of problem not detectable at such an early time.

It dismisses as speculative the veteran's claim of arthritis even though this is the example used in DVB Program Guide PG 21-1 (June 22, 1983) cited earlier.

This case also demonstrates another typical problem. This POW suffered from severe GI problems as a POW. Such problems are known to be present in every POW. Continuity and progression of the symptoms are quite common in POWs during later life. He applied for but was denied service-connection for this condition in 1946. Service-medical records are quoted as negative for any complaint or treatment and this is interpreted as "proof" no problem existed. General knowledge about POW problems was given no credence. In 1947 no reference is made in a VA exam about a GI condition and this is interpreted as conclusive that no problem existed.

Despite the history of GI problems as a POW, despite the known general findings supporting the presence of problems, despite the fact that he sought treatment and SC in 1946, despite the continuity of GI problems down to the present, BVA states that the presence of GI pathology in 1981 (spastic duodenal bulb) is unrelated to the veteran's enduring symptoms! It states that "general medical principles will not support a conclusion that the veteran's GI disorder is a result of his experiences as a POW or a result of his SC <u>generalized</u> anxiety." This conclusion is simply incorrect. General medical principles do support the continuity and progression of GI symptoms beginning in POW hardships. VA has data showing this occurs at a high frequency in POWs. Also, commonly generalized anxiety has impact and can cause damage to the gastrointestinal system. This is a well-established medical fact. At the very least, reasonable doubt exists in the veteran's favor. The narrow and restrictive interpretations of BVA to the contrary are not defensible on the grounds BVA states.

The same arguments are used in response to other claims of the veteran. For example, the results of his induction examination specifically notes the absence of any nose abnormalities yet his separation exam notes his nasal septum deviated to the right; with 40% obstruction. Now he simply could not have been in a combat flight crew with such a condition, and the VARO decision in 1946, that it was a congenital or a developmental abnormality in the absence of trauma, is totally without merit. It would assume this abnormality occurred during the period he was a POW totally free of influence from these experiences. Whether or not the

veteran reported traumatic injury to his nose, it is quite logical that it occurred but was only one small event in the overwhelming physical deprivations and life-threatening circumstances of confinement. There is no intercurrent cause that could have occurred during this narrow period of time that would adequately explain the development of this condition, and the etiology VA accepted is gross speculation without any creditability whatsoever. Where is reasonable doubt in such a decision? It is a clear and unmistakable error for BVA to accept an unrealistic, irrational explanation and reject the logical one consistent with the veteran's experience at the time. Where is the accepted medical principle that would support BVA's contention that such a condition would develop congenitally in a young adult precisely during the period he was a POW. In this case, BVA is defending its own mistakes, not serving the veteran. This is comparable to the illogical action in finding a combat scar for the first time in 1979 in the Troy Kimmel case and assuming no error had occurred in the failure to do so 30 years earlier!

7. BVA was established by Congress as the last hope of the veteran in respect to claims for service-connection. Its responsibility is to assure that veterans receive fair and equitable decisions. Its responsibility is made more complex with POWs because of the inadequacy of service records and incomplete knowledge concerning the long-range physical and emotional consequences of confinement.

BVA expresses great concern and compassion for POWs yet obviates its responsibilities by the self-imposed restriction of its authority to selected regulations that are interpreted narrowly while policies and regulations that grant far greater flexibility are not utilized. As a result, very few POWs receive the fair and just decisions that their disabilities so clearly warrant. They typically wait months and years at great emotional cost to them and financial cost to VA only to be told "not supported by evidence of record" when the total record would dictate otherwise.

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October 15, 1983

COMMENTS ON THE CONCLUSIONS AND RECOMMENDATIONS
REACHED BY THE ADVISORY COMMITTEE ON
FORMER PRISONERS OF WAR — CHARLES A. STENGER, PhD

Perspective

In assessing the Committee's report and recommendations, three crucial questions must first be considered.

Did the Committee have the medical and scientific expertise—in addition to comprehensive information concerning the actual circumstances of incarceration—to reach valid conclusions? The answer is an unqualified yes. The physician-members were selected for their expertise in areas relevant to POW health issues and the ex-POW members were able to provide first-hand descriptions of the physical adversities and psychological stresses experienced during the duration of the captive experience. The Committee also obtained additional scientific data and professional opinions from other experts directly involved in longterm consequences of captivity.

Did the Committee have the objectivity to reach valid conclusions? The answer, again, is an unqualified yes. Four of the five medical experts had no significant prior involvement with medical issues of concern to former POWs. The fifth was himself a former POW, who has achieved international status as a scientist in this area. The POW members, while obviously involved in these issues, provided information repeatedly corroborated from numerous sources that was utilized by the medical experts who reached their unanimous conclusion as part of a special subcommittee.

Does the Committee have any reservations about the conclusions reached concerning longterm and latent physical and psychological effects? The answer is an unqualified no. In their carefully reasoned assessment, they concluded that the adversities experienced are unquestionably causally related to later health problems. This occurs by contributing to a general debility and weakening of the body's physiological and emotional resources as well as to the incidence of specific disease processes. The only reservation of the Committee concerns an understanding of the precise process involved. This relates to the limitations on current medical knowledge on these complex

etiological processes, not on whether they occur. Put simply, the Committee unequivocally agrees that such etiological processes do occur even though it is not known exactly how they occur.

The Committee reached one other important conclusion that is significant in considering the twenty-one recommendations. It is that the great majority (94%) of the former POWs are WWII veterans; they are currently in their sixties; have already waited for nearly forty years for these issues to be decided; and fair and equitable treatment requires prompt as well as appropriate action now. The implication is clear, further delays will have the tragic effect of preventing many of them from ever obtaining benefits desparately needed and long deserved. Nearly 30% of WWII POWs who were repatriated have already died and the death rate is rapidly accelerating for this general age group and even more so for their subgroup of wounded and ill veterans. One can appreciate the desire for more precise research findings but humanitarian concerns, for which the United States is justly proud, must be given greater priority than has been true in the past.

At this point, it is fervently hoped the unanimous opinion of the Committee that there is presently sufficient epidemiological data, research findings, and medical consensus to conclude that a causal connection exists between the adversities of the POW experience and later gradually developing or latent health problems will be accepted by all. It is also fervently hoped that all parties will accept the conclusion of the Committee that further delay would be unfair and inequitable.

The Committee also concluded, as did VA and Congress in 1981, that individual medical records of former POWs are grossly inadequate to provide a sufficient basis for determination of service-relatedness. As a result, present regulations and procedures for determining service-connection, are unsatisfactory and inadequate for this small portion of the veteran population.

The Committee, therefore, concluded that different concepts and procedures for determining service-connection are necessary. Whether or not their specific recommendations to correct this situation, in their present form, are or are not the most effective solution can be argued, but their conclusion that major changes are warranted should not be the focus of further protracted discussions. Instead, we should collectively be solution oriented.

It is with this view in mind that the Committee recommendations and VA's comments will be discussed. For purposes of this discussion, two of the recommendations have been grouped as primarily relating to DMSB, eleven as primarily relating to DVB, and eight as primarily relating to VA Central Office.

Recommendations Pertinent to the Delivery of Health Care Services

The Committee reviewed and endorsed a number of important steps the Department of Medicine & Surgery has taken to increase understanding of the POW experience; to educate and inform health care professionals concerning long term,often latent, consequences; establish general procedures to assure an adequate, comprehensive and sensitive medical examination; and to provide competent and compassionate resource professionals at both the field station and medical district level. It was noted that, while full implementation has not yet been achieved, the approaches are reasonable efforts to achieve the goal of effective and responsive care.

The two recommendations of the Committee specific to DM&S focus on assuring that the POW examination protocol development by DM&S be administered by physicians well trained and knowledgeable about the POW experience and common disability of POWs, and on a continuing education program by use of the "Grand Rounds" concept. VA concurred with the former and agreed with the goal of Grand Rounds but felt that specifics should be left to the judgment of the individual medical center. How the job gets done is less important than the fact that it does get done. (Recommendation 6 & 12

The steps taken by DM&S are broad in objective yet practical and realistic in approach. Clearly POWs will be well served within the limits possible in this large and diversified health care system. The dedication of DM&S officials in developing this program is appreciated as is the open, undefensive, and cooperative attitude. It is also important to note that DM&S officials have not waited for Committee recommendations but initiated and implemented most of these steps based on their own reasoned assessment, as well as input from POWs individually and collectively.

Recommendations Pertinent to Compensation Issues

It should be noted that PL97-37 opened the doors of the VA health care system to former POWs but modified compensation issues by the expansion of the presumptive list to include only one additional condition—anxiety state. It was left to the mandated POW Advisory Committee to provide a valid and objective assessment of long range health consequences of captivity and the adequacy of existing DVB policies and procedures governing compensation problems of POWs.

The Committee has done just that. After carefully considering medical research, epidemiological studies, and expert opinion, it concluded that beyond a reasonable doubt the "extremes of physical and mental stress and deprivation contribute to death, shortened life, increased incidence of disease, and a lessened quality of life." The Committee concluded that "ample evidence exists as to the probability of current disabilities experienced by former POWs being caused by their service."

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The Committee applauded the excellent DVB training film"A Flag for POWs", noting its effectiveness in communicating what the POW experience was really like, yet concluded that an effective program for handling POW claims in a fair and equitable manner had not yet been established or implemented. The Committee was able to identify no specific initiatives or instructions taken by DVB officials since PL 97-37 became effective two years ago to permit adjudication personnel wider latitude in regard to evidentiary requirements, consideration of general research findings, or in the application of reasonable doubt. This failure is of particular concern since DVB acknowledged in the film that POW records were inadequate or non-existent and urged adjudication personnel to apply reasonable doubt. To this day, the application of reasonable doubt is restricted to "evidence on record" by DVB despite the grossly unfair consequences in POW claims. The Committee found supporting evidence for its conclusion in the fact that only 2,100 claims of POWs were allowed by DVB adjudicators even though VA had originally estimated the cost of PL 97-37 for additional compensation benefits on 8,300 favorable claims in the first year alone.

The four major factors identified by the Committee as underlying causes are valid. The fourth is most telling since it concludes that adjudication personnel may be sympathetic to the POW experience yet do not really believe that conditions faced by POWs now are the result of those experiences. It might also be added that adjudication personnel do not seem to understand that former POWs, grateful to be free and conditioned to believe that it was useless to complain about their medical conditions, were much less likely than other veterans to get things in their record or to file claims after repatriation or shortly after discharge.

My experiences over the last two years in assisting POWs in claims and appeals confirms the conclusion of the Committee that little change has occurred or flexibility increased. With the simple exception of anxiety states, which was mandated by Congress in PL 97-37, the same narrow insistence on "evidence on record" (and this is primarily tied to medical evidence) continues as before. Reasonable doubt <u>is</u> applied but only to existing "evidence". If there is no evidence, there can be no basis for applying this concept to POW claims. They are routinely denied with specific reference to this requirement. As the Committee concluded, without expansion of presumptive categories or significant change in regulations, DVB cannot or does not choose to increase the flexibility to permit favorable action no matter how warranted by the actual suffering endured by the individual POW.

The VA comments to the eleven Committee recommendations to correct this situation reveal an unwillingness to accept the unanimous opinion of the medical experts on the Committee concerning the POW experience. (Recommendation 1 & 2)

Your attention is called to VA comments to Recommendation #1.

> "The VA will grant service-connection for any disease or disability when the medical and scientific communities reach a consensus on a study which is statistically significant, has withstood peer review, and can be duplicated, and which finds that there is a relationship between the POW experience and the disease or disability. Resolution of reasonable doubt is applicable to individual fact situations."

The medical and scientific community—as represented through the medical experts on the Committee—has reached a consensus. The VA's insistence on further studies, even duplication of these studies, seems both unnecessary and harsh when it is recognized most POWs are already in their 60s and have waited some forty years for help. The continued insistence on tying reasonable doubt to the "individual fact situation" is particularly inappropriate when VA knows such facts cannot be ascertained from inadequate or non-existent records.

The Committee's eleven recommendations are aimed at correcting inequities in regulations and policies governing adjudication where POWs are involved. While these seem reasonable solutions, there may be equally effective or better solutions. I would urge Congress to accept the conclusion of the Committee that sufficient evidence of service-relatedness already exists and to direct VA to accept, modify, or develop alternatives to these recommendations, and to recommend legislative action where this would be necessary.

While the VA does accept in whole or part the majority of the Committee recommendations, those accepted pertain to procedural matters rather than central problems that have long blocked fair and equitable action on POW claims. Nevertheless, these procedural changes are important and worthwhile. They include:

- —acceptance of depressive symptoms as a component of anxiety states (Recommendation 3)
- —agreeing to take administrative action whenever possible to effect needed change (Recommendation 4)
- —limited acceptance to POW Physician Coordinators of the broader recommendation that examining physicians be encouraged to express their judgment concerning etiological origins or epidemiological factors (Recommendation 7)

—permitting reopening of claims on the basis of the new examination protocol. (Recommendation 8)

—agreeing to provide claim folders, military records, and private medical records to the examining C&P physician. (Recommendation 9)

—agreeing to the inclusion of a social work evaluation in psychiatric examination. (Recommendation 10)

—accepting the recommendation that rating officials be required to acknowledge in writing, as a part of the rating document, that "medical records may not be available and it may be necessary to resort to secondary evidence to evaluate POW claims." (Recommendation 14)

The Committee recommendations addressed to the heart of the problem (Recommendation 1 and 2) were unfortunately dealt with by VA in a vague, even evasive, manner. For example, in commenting to Recommendation 2 re expansion of the presumptive list, VA indicated concurrence for disease entities "legitimately identified as a possible risk factor for POWs where the sense of the recommendation is to increase the likelihood of detection!" No definition of "legitimate" was provided and the fact was ignored that the state of the art in medical knowledge is still limited in "detecting" underlying process. Since VA's response to Recommendation 1 implies a rejection of the Committee as a creditable body for determining what is "legitimate", the VA has failed in its obligation to respond in a forthright manner or to indicate meaningful, alternative courses of action.

Recommendations Pertinent to VACO and Both DM&S/DVB

These eight recommendations all accepted by VA in fact or principle have to do with better communication to POWs, better education of VA personnel, better monitoring of claim decisions, collations of data from the POW medical protocol, and the inclusion of women POWs and those exposed to radiation, in research studies. They are significant, important, and long overdue. They are welcome now if given meaningful priority.

Concluding Observations and Remarks

Immediately after WWII the War Claims Commission and other Congressional and Executive bodies concluded there was a high probability there would be long range adverse consequences to the POW experience. All urged VA to establish monitoring procedures and research studies. Similarly, nearly every pertinent law from WWII to 1981 reiterated this

obligation and responsibility. PL 97-37, passed more than two years ago, repeated this mandate. Except for the erratic support of the National Academy of Sciences Longitudinal Study of Mortality and Morbidity in POWs, the VA has neglected this responsibility. Thirty percent of the 116,000 WWII POWs who were repatriated have already died as have 20% of the 4,418 Korean Conflict POWs.

The Committee's unanimous conclusion is that sufficient research evidence and medical consensus now exist. The VA need no longer delay in accepting what has been obvious to informed individuals and organizations around the world. In fact, in view of its 40-year history of inaction, it is inappropriate and improper for it to continue to do so now. Yet its response to the central finding of the Committee—that the extremes of mental stress and physical deprivation <u>are</u> critical causal factors for later illnesses of former POWs—reveals a continuing reluctance to accept the facts and to take action to meet the tragically overdue needs of former POWs. I urge Congress to accept the Committee's central findings and to direct the VA to act in a responsive manner in accordance with its mission to care for those who have borne the battle as POWs most surely have done.

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CAS:js

VETERANS OF FOREIGN WARS OF THE UNITED STATES

STATEMENT OF

DONALD H. SCHWAB, DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE U. S.

BEFORE THE

SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
COMMITTEE ON VETERANS' AFFAIRS
U. S. HOUSE OF REPRESENTATIVES

WITH RESPECT TO OVERSIGHT OF THE VETERANS
ADMINISTRATION'S COMPENSATION AND DEPENDENCY
AND INDEMNITY COMPENSATION (DIC) PROGRAMS

WASHINGTON, D. C. JUNE 14, 1984

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the privilege of appearing before this distinguished Subcommittee to present the views of the Veterans of Foreign Wars of the United States.

My name is Donald H. Schwab, and it is my privilege to serve the more than 1.97 million men and women of the Veterans of Foreign Wars as their National Legislative Director.

The purpose of the Veterans Administration's compensation program, the keystone of all veterans' benefits, is to remunerate in part veterans suffering from impaired earning capacity due to their service-connected disabilities. Throughout the history of this program, changes have been made to enhance benefits as dictated by the test of time. Presently, there are some 2.2 million veterans in receipt of compensation for their service-connected disabilities; of this number,

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16,000 are veterans of World War I, more than a million are World War II veterans, 227,000 are veterans of the Korean Conflict, 590,000 are Vietnam veterans and 325,000 are former members of the Regular Establishment.

Mr. Chairman, the purpose of the Dependency and Indemnity Compensation Program (DIC) is to provide partial compensation for the loss of financial support to the survivors of veterans who expire due to their service-connected disabilities or who were in receipt of total (100 percent) ratings for service-connected disabilities for at least 10 years at the time of death, provided the 100 percent rating had been continuous or continuously since separation from active duty and for at least five years. In addition, unless death was due to service-connected causes, the surviving spouse must have been married to the veteran at least two years. DIC is terminated upon remarriage, but may be restored upon termination of the remarriage. As with compensation, DIC is payable to eligible beneficiaries regardless of any other income. There are presently more than 360,000 survivors in receipt of DIC.

Mr. Chairman, the legislative posture of the VFW for each ensuing year is established by resolutions passed by the voting delegates to our most recent National Convention. In view of the numerous improvements made in both the compensation and DIC programs over the years, relatively few resolutions addressing these benefits were passed by the voting delegates to our 84th National Convention held in New Orleans, Louisiana last August.

Resolution No. 609, entitled "Survivor Benefit Plan (SBP)," seeks the elimination of both the DIC and social security offsets under the Armed Forces Survivor Plan. These, of course, are matters under the purview of the Armed Services Committee.

Resolution No. 626, entitled "Ten Year Protection Period for Service-Connected Disability Evaluations," obviously supports amending 38 USC 110 to

reduce from 20 years to 10 years the time a disability rating must be held to be protected. The Veterans Administration opposes our position and their comments regarding our resolution follow:

"The length of time during which an evaluation has been in effect is not, in and of itself, the proper determinative factor as to whether reexamination and reevaluation is warranted. A reevaluation should be considered whenever there is reasonable basis for believing a condition may have been improved.

"We believe the current requirement that a rating be continuously in force for a period of 20 years in order to be preserved significantly reduces the inequitable possibility of payments being made to certain veterans rated higher than would be supportable by current evaluations." Two bills introduced by you, Mr. Chairman, by request, H.R. 463 and H.R. 1871, would fulfill our resolution in whole or in part.

Resolution No. 628, entitled "Increase Disability Compensation For Disabled Veterans," is a moot issue since a 3.5 percent cost-of-living increase became effective April 1, 1984. In addition, legislation is now pending in both Houses of Congress to grant an appropriate cost-of-living increase in the fiscal year 1985.

Resolution No. 664, entitled "Opposition To Proposals Offsetting Payments Of Federal Benefits," was passed to counter a 1983 proposal by the Office of Management and Budget (OMB) to eliminate the current provision of law which provides payment at the 100 percent rate to veterans between 60 and 70 percent disabled and who are judged to be "unemployable" even though they also receive social security, Supplemental Security Income (SSI) or federal retirement benefits. Neither this Subcommittee nor the full Committee have given consideration to this OMB proposal.

Resolution No. 670, entitled "Clothing Allowance For Veterans with Service-Connected Skin Conditions," is self-explanatory. The opposition of the Veterans

Administration is herein quoted:

"Therapeutic tar ointments and tar gels used in the treatment of skin diseases are probably those most often incriminated in the staining of clothing. However, we have been informed that the use of these compounds only slightly stains clothing and that standard laundry procedures used routinely in the cleaning of clothes will generally remove such stains. Accordingly, we see no need to recommend inclusion of veterans with service-connected skin conditions in the group of those entitled to the clothing allowance."

Mr. Chairman, some tar-based medications may launder out, while others can never be eradicated. The same holds true for garments which must be dry-cleaned. Even supposing the VA rationale is correct, the necessary increased laundering and cleaning substantially reduces the lifetime of garments. We believe our position is tenable and support passage of H.R. 465 to grant the clothing allowance to veterans with service-connected skin disorders.

Mr. Chairman, our current VFW Resolution No. 674 calls for amending 38 USC 3012 by increasing from 60 days to 120 days any reduction in compensation payable to veterans suffering from a service-connected disability. The rationale therefore is that a considerable dollar income loss causes a severe hardship in many cases and the additional time to readjust spending to a lower income level would be beneficial to the veteran. Therefore, request consideration be given this proposal.

In conclusion, Mr. Chairman, permit me to express the appreciation of the VFW for the continued concern of this Subcommittee and the full Committee for the welfare of our nation's veterans, their dependents and survivors.

Cited resolutions are appended to my testimony, and I thank you.

Resolution No. 609

SURVIVOR BENEFIT PLAN (SBP)

WHEREAS, the SBP was created to provide an affordable method of insuring an income for the eligible survivors of deceased military and naval retirees, both Regular and Reserve; and

WHEREAS, the restrictions imposed on the payment of an SBP annuity to surviving spouses discourage the enrollment of many qualified retirees; and

WHEREAS, the off-set provisions in the SBP negate or substantially reduce the value of participation in the plan; now, therefore

BE IT RESOLVED, by the 84th National Convention of the Veterans of Foreign Wars of the United States, that we continue to seek and actively support enactment of legislation to eliminate the off-set of Social Security survivor benefits which are based on the retiree's military service, and to permit concurrent payment of DIC and the full SBP annuity.

Adopted by the 84th National Convention of the Veterans of Foreign Wars of the United States held in New Orleans, Louisiana, August 12-19, 1983.

Resolution No. 609

Resolution No. 626

TEN YEAR PROTECTION PERIOD FOR SERVICE CONNECTED DISABILITY EVALUATIONS

WHEREAS, Section 110 of Title 38, U.S. Code, now provides for the protection of all disability compensation evaluations that have been continuously in effect for 20 or more years; and

WHEREAS, Permanency should be conceded for disability compensation ratings which have been in effect for 10 years without change in evaluation with no further examination scheduled; now, therefore

BE IT RESOLVED, by the 84th National Convention of the Veterans of Foreign Wars of the United States, that Section 110 of Title 38, U.S. Code, be amended to provide that disability evaluations continuously in effect at the same evaluation rate be protected after a period of 10 years.

Adopted by the 84th National Convention of the Veterans of Foreign Wars of the United States held in New Orleans, Louisiana, August 12-19, 1983.

Resolution No. 626

Resolution No. 628

INCREASE DISABILITY COMPENSATION FOR DISABLED VETERANS

WHEREAS, this increase approximates the inflation rate for the Calendar year 1983; and

WHEREAS, this increase will be of direct economic assistance to the disabled veteran to help keep pace with the increases in the cost of living; and

WHEREAS, the Veterans of Foreign Wars, does support the proposed six month delay in the cost of living adjustment only if uniformly shared by all Federal beneficiaries; now, therefore

BE IT RESOLVED, by the 84th National Convention of the Veterans of Foreign Wars of the United States, that we seek enactment of legislation by the Congress of the United States which will provide the disabled veteran who is drawing compensation from service connected disability, the increase in his or her compensation as requested above.

Adopted by the 84th National Convention of the Veterans of Foreign Wars of the United States held in New Orleans, Louisiana, August 12-19, 1983.

Resolution No. 628

Resolution No. 664

OPPOSITION TO PROPOSALS OFFSETTING PAYMENTS OF FEDERAL BENEFIT

WHEREAS, there has been consideration given to proposing an offset of Social Security Disability Insurance Benefits by payments of any other federal benefit; and

WHEREAS, the adoption of such a measure would reduce the overall income provided to those service connected veterans who have a compensable disability and who also suffer a permanent and total disability for purposes of Disability Insurance Benefits from the Social Security Administration; and

WHEREAS, such an offset would work a grave and undue hardship on all totally disabled service connected veterans and their families by drastically reducing their total income; and

WHEREAS, benefits received from the Veterans Administration or under military retirement pay and other federal programs have differing eligibility criteria as compared to the earned payments of Social Security Disability Insurance Benefits; now, therefore

BE IT RESOLVED, by the 84th National Convention of the Veterans of Foreign Wars of the United States, that we strongly oppose any measure which proposes to offset the payment of any other federal benefit or earned benefit entitlement by VA compensation payments made to service connected disabled veterans.

Adopted by the 84th National Convention of the Veterans of Foreign Wars of the United States held in New Orleans, Louisiana, August 12-19, 1983.

Resolution No. 664

Resolution No. 670

CLOTHING ALLOWANCE FOR VETERANS WITH SERVICE CONNECTED SKIN CONDITIONS

WHEREAS, many veterans who have service connected skin conditions which soil and stain their clothing beyond repair are not now entitled to the annual VA clothing allowance; and

WHEREAS, veterans with serious disabilities have incurred expenses in replacing the items of clothing ruined because of their service connected skin condition; now, therefore

BE IT RESOLVED, by the 84th National Convention of the Veterans of Foreign Wars of the United States, that Section 362, Title 38, U.S. Code be amended to include those veterans with serious service connected skin disorders which cause their clothing to be soiled and ruined.

Adopted by the 84th National Convention of the Veterans of Foreign Wars of the United States held in New Orleans, Louisiana, August 12-19, 1983.

Resolution No. 670

Resolution No. 674

AMEND TITLE 38, U.S. CODE, SECTION 3012

WHEREAS, Title 38 U.S. Code, Section 3012, sets forth the requirements for an effective date when a reduction in benefits is to be made to a claimant; and

WHEREAS, currently, reduction in benefits is effective the last day of the month following 60 days from the date of notice to the payee; and

WHEREAS, such reductions in the VA benefits often cause a hardship until the veteran can adjust his standard of living; and

WHEREAS, these veterans need a longer period of time in which to adjust to a reduction in their benefits; now, therefore

BE IT RESOLVED, by the 84th National Convention of the Veterans of Foreign Wars of the United States, that Title 38 U.S. Code, Section 3012, be amended to provide that any reduction in service-connected benefits shall be the last day of the month following 120 days from the date of notice to the payee.

Adopted by the 84th National Convention of the Veterans of Foreign Wars of the United States held in New Orleans, Louisiana, August 12-19, 1983.

Resolution No. 674

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